

OVERSEAS NEWS

Deficit of £1.4bn predicted for France

By Robert Mauthner

PARIS, August 6. FRANCE'S BUDGET for 1979 is expected to be in deficit by between FFR 12bn and FFR 15bn (£1.4bn to £1.9bn), according to French Press reports over the weekend.

Although final details of the budget are not due to be approved until September, the reports are in line with promises made by President Giscard d'Estaing at the Bonn summit that France would make a modest contribution to the joint efforts of the industrialised nations to stimulate growth.

Next year's projected deficit will follow an expected budget shortfall of at least FFR 20bn this year, more than double the deficit predicted by the Government, when it adopted the 1978 budget.

Since M. Raymond Barre, the Prime Minister, has pledged that income tax, company tax, and value added tax categories will not be increased in 1978 and 1979, the financing of the deficit presents a problem.

As things stand, Treasury receipts are likely to fall short by up to FFR 25bn of Government spending, which is expected to rise by about 14 per cent to some FFR 450bn next year. If reports that the Government is planning a budget deficit of about FFR 15bn are correct, up to FFR 10bn in extra revenue will have to be found.

The general expectation is that tobacco, alcohol and petrol prices will again be raised to provide some of the required income, and that tax allowances accorded to a large number of professional categories will be reduced. Income tax brackets may also be adjusted.

It is probable that the Government will again have recourse to a number of medium-term State loans next year, as it has done in 1977. So far, a total of FFR 5.5bn has been raised by the State on the domestic market this year in the form of two separate loans. A third bond issue is expected to be made in the early autumn.

The services sector of the public debt is placing an increasing burden on the Treasury. In 1978, interest charges and repayments are expected to total nearly FFR 20bn, compared with only FFR 14bn this year.

Eanes calls in Portugal's party leaders

By Jimmy Burns

LISBON, August 6. PRESIDENT Ramalho Eanes will tomorrow meet the main political leaders in Portugal for what is expected to be the last time before finally deciding on the form of Government needed to take the country out of its present political crisis.

The weekend deadline which the President's last week for the solution to the present impasse here has been considerably toned down. It is generally accepted that a viable alternative to calling immediate elections is possible without having to resort to the old Governmental alliance of Socialists and Christian Democrats.

Both these parties however have made it clear that any future Presidential-backed Government must be a personal one, "would need to reflect the political balance of the old agreement."

Shah calls on opponents to fight 'free elections'

BY ANDREW WHITLEY

TEHRAN, August 6. THE SHAH of Iran announced yesterday that "absolutely free" elections to Parliament would be held when they fall due next summer. He said political freedom would be to the same extent as in democratic countries.

In a nationally televised Constitution Day message, the Shah issued a challenge to those constitutionalists who have attacked the abuse of executive power to test their popularity at the polls.

He said anyone could vote or stand as a parliamentary candidate, and that the ballot box would be protected.

Government sources say the statement marked an advance on the earlier acknowledgement that individuals not belonging to the single recognised party, Rastakhiz, could stand. They say that the Shah's statement was a direct challenge to the "United National Front Forces," Prime Minister Mossadegh's backers against the Shah 25 years ago, could put forward their own candidates for

the Majlis, the lower house of parliament.

The Shah said limits of freedom would be defined, as in democratic countries, and new legislation is to be introduced shortly on freedom of assembly, speech and the Press. Public gatherings would require advance permission and would not permit the carrying of arms or holding of street processions.

Public comment about the monarchy and its role is specifically excluded, as is the past. But, according to a Government source, the new Press Bill, in its final stage of drafting, will provide guarantees for Press freedom and introduce a libel definition, to protect private citizens, modelled on the example of Western countries.

On a number of issues, such as whether dissidents will have equal access to the State-controlled radio and television, or to the Press, a Government source said no decision had been taken.

The controversial new Election Bill, half-way through the

TEHRAN, August 6.

parliamentary process, will almost certainly now be dropped. The Bill would have enshrined Rastakhiz's envisaged monopoly role. Instead what is recognised here as a degree of "healthy competition" is being introduced. The election will be fought entirely on the basis of the current election law, providing for a multi-party system, and will not incorporate features from the new Bill, such as the proposed lowering of the voting age and creation of single-member constituencies.

To an extent the Shah's statement, coming after an unusually long period out of the public limelight, might be seen as a response to last month's call by Iran's senior religious leader, Ayatollah Shariatmadari, for a "genuinely free" election in which all could stand. However, some diplomatic observers argue that this is a re-emphasis of the Shah's privately stated determination to open up the political scene and introduce a "responsible democracy, the kind a country can be proud of."

UN team arrives in Namibia

BY JOHN STEWART

CAPE TOWN, August 6.

MR. MARTTI AHTISAARI, the United Nations special representative for Namibia, and an advance guard of 49 administrative and military personnel arrived in Windhoek, the Namibian capital, today to gather information and work out details for implementing the United Nations settlement proposals for the territory.

The party will remain in Namibia for two or three weeks before reporting back to Dr. Kurt Waldheim, the UN Secretary-General who will then ask the Security Council to adopt a formal resolution committing the world body to control and supervision of the process leading to independence.

The first working meeting between Mr. Ahtisaari and the South African-appointed Administrator-General, Mr. J. M. Steyn, is due to take place tomorrow morning.

Speaking at the airport, Mr. Ahtisaari told about 200 newsmen and six television units: "We have come in good faith and this is the spirit of all concerned. I can see no reason why we should not succeed. On my part I should like to assure all the people of Namibia that the mission will discharge

faithfully the task entrusted to it, in accordance with the mandate entrusted to me and in a spirit of impartiality, goodwill and co-operation towards all."

He made it clear, however, that he had no illusions about the complexities and sensitivity of the exercise. Crucial to the success of the mission will be the relationship that develops between the UN representative and the South African Administrator-General.

The South African Government has stated bluntly that it will not support implementation of a UN settlement of the territory. It has written proposals submitted to the Security Council by the five Western members of the council. The first area of contention is likely to be the unilateral decision by South Africa to register voters for the forthcoming elections. According to Mr. Steyn, about 70 per cent of people eligible to vote have already registered.

The two major political groups in the territory, the South West African People's Organisation (SWAPO) and the Namibia National Front, contend that the registration process is a

breach of the Western proposals which it is clear that each stage of the electoral process must be monitored by UN civilian administrators to the satisfaction of the UN special representative.

Registration of voters is an electoral step which cannot be taken until all factors of the transition have been formally endorsed in a special security council resolution, probably next month.

One aspect of the registration process initiated by Mr. Steyn that is strongly opposed by the SWAPO is the use of thumbprints in an election this would mean that every polling booth would have to be manned by a number of fingerprint experts to verify identities, which could lead to disputes. A more workable method is the use of registration cards with photographs.

In an interview published this weekend, Mr. Steyn said South Africa could still break off negotiations with the UN on a number of issues. These were the possible UN insistence on the registration of voters, the postponement of the independence date and the size of the UN peace-keeping force.

Pakistan hunt after raid on PLO

POLICE RAIDED hotels in

Pakistan and set up road checks today in the hunt for four guerrillas who attacked the Islamabad offices of the Palestine Liberation Organisation and killed four people.

The guerrillas left behind few clues to their identity but the PLO representative in Pakistan blamed the attack on Iraq. However, the Iraqi ambassador, Mr. Ahmed Zafar al-Chilani, denied his country was involved and suggested it was an internal PLO feud. "It is unfortunate that while they are fighting Zionists, they should train their guns against themselves," he said.

The attack came three days after a raid by two guerrillas on the Iraqi consulate in Karachi, where a diplomat was wounded and a policeman died. One of the guerrillas was killed and the other wounded and captured.

It followed recent attacks against Israel diplomats in London and Paris while PLO representatives have been killed in London, Kuwait and

Paris. Those who died in the grenade and sub-machine gun attack on the PLO office in Islamabad yesterday were a policeman who challenged the guerrillas, the mission's radio operator, and two students, one of whom police later described as PLO commander Lieutenant Mohammad al-Husseini, Reuter.

Simon Henderson in Islamabad adds: Pakistan has expressed its concern to Iran and the PLO following the attack on the PLO office here. The attack, by at least two men said to speak Iraqi accents, is seen as retaliation for the shooting incident outside the Iraqi Consulate.

General in Karachi. Pakistan's concern is believed to have been expressed several times already. The first time was before either incident had taken place and when the current Palestinian-Israeli feud seemed confined to Europe.

A Foreign Office official said today the Government had been in touch with representatives of

both Iraq and the PLO again following Saturday's attack. It is thought they were summoned to the Ministry of Foreign Affairs. Pakistan is believed to be considering diplomatic measures.

Issam Hijazi said from Beirut: The PLO has announced that it will not retaliate to attacks on its offices abroad by what it describes as agents of the Iraqi regime. The announcement came in a statement issued in Beirut after a meeting by the PLO's 15-man executive committee under chairman Yasser Arafat. It accused the regime of President Ahmed Hassan al-Baker in Baghdad of waging a "new, ugly, brutal and barbaric war against the PLO. It is emphasized, however, that it will not retaliate in kind."

The Palestinian news agency, Wafa, said today that the PLO office in Bangladesh was to have been the next target. It reported that police at Dacca airport have seized arms allegedly addressed to the Iraqi embassy there.

West attacks Japan on tobacco pricing

By Robert Wood

TOKYO, August 6. EUROPE, the U.S. and Canada are demanding that Japan sell foreign-made tobacco products at more stores and at lower prices, a European diplomat said here.

The Senate Government Japan Tobacco and Salt Public Corporation monopolises tobacco distribution in Japan, under a system not too different from that of some Western countries.

But the corporation distributes foreign-made tobacco products only to a minority of tobacconists and sells them at prices nearly double those of domestic products.

Western diplomats say there is no economic justification for the price difference because the Japanese cigarettes are manufactured largely from foreign tobacco with machines made by Molins of Britain and with highly paid Japanese labour.

The Japanese Finance Ministry is expected to offer a plan to buy more foreign cigarettes, cigars, and pipe tobacco by mid-September.

The Japanese acknowledge that the price differences between domestic and foreign tobacco exist mainly to protect the Japanese domestic industry.

They say the limitation on the number of outlets selling foreign tobacco is dictated by lack of demand for the products.

Despite restrictions, Britain sold £1.4m worth of tobacco products in Japan last year, mainly cigarettes plus a small amount of pipe tobacco.

Algeria may get aid on steel plant

By Our Own Correspondent

TOKYO, August 6.

ALGERIA'S Societe Nationale de Siderurgie is seeking Japanese production workers temporarily to replace Algerians in operating part of the company's integrated steel mill, officials of Nippon Steel Corporation said today.

The plant, built by European companies, has a rated capacity of 400,000 tonnes a year but is only producing 200,000 tonnes. Nippon Steel men said they believed the Societe Nationale de Siderurgie, which is Government-owned, expects that observation of Japanese work habits will stimulate its own workers to greater efforts. This would be the first arrangement of its kind.

The Societe Nationale de Siderurgie mill at El Hadjar, near Annaba in the north-eastern part of Algeria, includes blast furnace, basic oxygen furnace, hot strip mill, cold strip mill, galvanising mill and electric furnace. The proposal is for the Japanese to operate one of these facilities for a demonstration period. Negotiations are still in an early stage, and neither the facility the Japanese would operate nor the duration of the demonstration period nor the payment that Nippon Steel would receive have yet been determined.

U.S. accused of dumping vinyl acetate in Europe

BY KEVIN DOME

WEST EUROPEAN chemical

producers, who are suffering from an influx of low-price chemicals from the U.S., have accused North American manufacturers of dumping vinyl acetate in European markets.

The case has been formally submitted to the European Commission by CEFIC, the European Council of Chemical Manufacturers Federations.

The EEC chemicals industry is also hardening its opposition to the latest U.S. offer on chemicals in the Tokyo Round of multilateral trade negotiations. It considers the U.S. offer unacceptable and is preparing to fight the proposals when the GATT talks resume in Geneva in September.

European producers have claimed in their submission on vinyl acetate that the U.S. is dumping the chemicals in Europe at prices as much as 25 per cent, or \$100-\$200 a tonne, below domestic prices.

Vinyl acetate is a major ingredient of emulsion paint. EEC production totals about 380,000 tonnes a year, but much of this is used capably in operations in further processing.

Only about 20 per cent of the market is open to merchant producers, but this sector alone is facing low-price imports from the U.S. amounting to 50,000 tonnes.

60,000 tonnes a year. Producers for the merchant market, such as BP Chemicals in the UK, are understood to be making substantial losses in this sector.

West European chemical manufacturers believe that many other sectors of their domestic markets are being undermined by low-price U.S. imports, particularly in the area of aromatics, such as benzene, xylene, and derivative products.

An anti-dumping charge is being prepared against U.S. styrene producers, but other cases are hard to prove because the U.S. price advantage is often largely based on access to cheap feedstocks.

Prices in the U.S. for crude oil, the raw material for aromatics, are about 15 per cent below EEC prices, because of U.S. Government regulation of the market.

Equally the U.S. price of ethylene (the most important basic petrochemical), is maintained at about 20 per cent below the EEC price for naphtha, the normal ethylene feedstock in Europe.

As a result the EEC market, especially for aromatics, has been severely undermined, forcing several companies into losses in this sector. Along with existing overcapacity, the weak

demand and low prices have brought several plant closures. It is the benzene crisis, chemicals that have also provided the main stumbling block in the GATT negotiations.

West European problems are exacerbated because their reports to the U.S. of benzene-based chemicals are priced on the basis of the benzene price of the high level of U.S. tariffs based on the American Selling Price.

The U.S. tariff-cutting offer has excluded most sensitive benzene chemicals, where West European producers could be well placed to attack the U.S. market.

The benzene sector is especially important for the development of future trade opportunities. The American Selling Price system, which governs domestic prices, is protecting one of the most sophisticated areas of the chemical industry, where the scope for innovative change is still considerable.

U.S. tariff-cutting proposals in sectors such as pharmaceuticals, plastics and pesticides could prove acceptable, but they may well be jeopardised by damage to European opposition to the offer on benzene chemicals. The Europeans already have a list of chemical products with drawn. U.S. advances from low-cost feedstocks.

Dow in \$800m Spanish joint venture complex

BY OUR CHEMICALS CORRESPONDENT

DOW CHEMICAL, of the U.S.,

ERT, Spain's biggest chemical company, has reached agreement in principle on the building of an \$800m-\$1bn petrochemical complex at Huelva, in southern Spain.

The three companies are planning initially to build a 450,000 tonnes a year ethylene plant and related units. This first phase of the project is estimated to cost \$500m and could include the construction of a styrene plant.

Ethylene is the most important basic petrochemical and is used in a wide range of products from plastics and textiles to synthetic detergents and anti-freeze. One of its uses is in the manufacture of styrene, which is an intermediate chemical for the manufacture of plastics and synthetic rubber.

The three companies in the proposed joint venture are planning, independently, to build other downstream user plants to process the basic petrochemicals.

The agreement marks an important step in the scaling down of earlier more ambitious plans. Both ERT (Union Explosivos Rio Tinto) and Dow have been pursuing separate plans to build ethylene plants in the Huelva region since 1975. But chemical industries has started with the recession in petrochemical markets in Western Europe the independent plans have proved unrealistic.

Dow had intended to build an ethylene plant in a consortium with CEPSA (Compania Espanola de Petroleos) and Petromed (Petroles de Mediterraneo).

Petromed has dropped out of the consortium and the chlor-alkali plants have been postponed.

Norway and South Korea have reached an important stage in the development of domestic petrochemical industries.

The first low density polyethylene plant in Norway is now in production. It is part of a complex of plants costing some \$150m, that is being developed at Ranningen in southern Norway by Norsk Hydro.

The plant will use feedstocks from the North Sea Ekofisk Field.

Total production from the three plastics plants involved—high and low density polyethylene and polypropylene—will be 250,000 tonnes a year. Production from the high density plant will begin soon and the polypropylene plant should be on stream in about a year.

In South Korea Ulsan Petrochemical Industries has started with the recession in petrochemical markets in Western Europe the independent plans have proved unrealistic.

World Economic Indicators

INDUSTRIAL PRODUCTION 1970 = 100

Country	June '78	May '78	April '78	June '77	% change on year
W. Germany	116.6	120.9	121.3	119.4	-2.5
U.S.	137.7	137.1	136.4	131.9	+4.4
Holland	124.0	124.0	124.0	127.0	-2.4
UK	105.9	103.9	103.4	103.6	+2.2
France	131.0	129.0	129.0	125.0	+4.8
Italy	121.7	120.4	119.8	124.0	-2.5
Belgium	123.4	119.6	109.5	122.7	+0.6
Japan	135.3	135.2	132.4	127.9	+5.8

* Provisional

Gulf ports 'face over-capacity'

BY JAMES BUXTON

THE OIL-PRODUCING countries

in and around the Gulf will have to face a surplus of oil capacity as they need to replace the capacity lost by the 1982 because of containerisation and transformation in the nature of their imports.

This is the conclusion of a detailed report on the eight states of the region—including Iran, Iraq and Oman—compiled by Peat Marwick and Mitchell and published by Gray & Picken, the Inchcape subsidiary which manages ports in the region.

The Gulf Pattern 1977-1983 starts with the fairly safe assumption that oil prices will remain roughly constant in real terms over the period to 1982. It points out that the surge of large-scale construction activity is nearly over in the small population Gulf states—Oman, the United Arab Emirates, Qatar, Bahrain and Kuwait—partly because there is not much left for them to build, and says that their expenditure on construction should decline marginally by 1980 compared with 1975.

It says that there are even limits to what Saudi Arabia can spend its abundant revenues on, though its expenditure will continue to rise. Iraq and Iran, on the other hand, both have large populations and substantial absorptive capacity and will continue to grow, though at a less spectacular pace than in the early years since the oil price rise.

The report suggests that the oil states will draw back from what appeared at one stage to be a rush towards industrialisation, and that many proposed schemes will not in fact go ahead, while industries now under construction or starting operation will not be successful. It takes a generally gloomy

view of the prospects for export of oil and gas, and for other goods, in particular imported foodstuffs and manufactured products.

Such goods are eminently containerisable and Peat Marwick concludes that by 1982 about 80 per cent of containerisable cargo will be carried by the Gulf in containers. It puts the tonnage of containerised freight at 13m to 14m tonnes by 1982 compared with 1976 (see table) the balance will tilt by 1982 towards other goods, in particular imported foodstuffs and manufactured products.

Among the reasons for this view, which is obtaining wider acceptance even in the Gulf, is that by 1982, over the Gulf as a whole, excluding Iraq, nearly 60 per cent of the total tonnage available will be surplus to requirements. The surplus is unevenly distributed, of course, and in some countries supply should exceed demand. But in the United Arab Emirates alone, about 70 per cent of all tonnage, whether for containerised or conventional traffic, will not be needed in 1982.

There will be intense competition between ports from 1979 onwards and users will be those which have the most comprehensive facilities, the best management, the most competitive prices and integrated transportations to the hinterland. The report says that such ports may still be able to forward goods to other states by road, despite the overall berth surplus.

Other observers of the Gulf scene have been arriving at some of these conclusions over the past year or so. Gray Mackenzie's book presents evidence and compresses it into 129 pages bound in a book costing £50. It is a pity the authors have not shown more of the economic calculations which led them to their conclusions.

But though the emphasis is on shipping and port requirements this is a valuable book for a wide readership because of its succinct and critical approach; and because it assembles for the first time a mass of information on such things as population, oil and gas, industry, and transport infrastructure in such a way that one can quickly compare one country's position with another's.

The Gulf Pattern 1977-1983 is available from Gray Mackenzie, 20, St. Mary's Lane, London EC3A 8EU.

OBITUARY

Pope Paul VI: Product of the Curia

WHEN Cardinal Giovanni Battista Montini was elected pope in June, 1963, by the Conclave summoned following the death of Pope John XXIII he inherited a very difficult legacy.

The Ecclesiastical Council called by his predecessor had left his first session and was due to reassemble later in the year. From its first day the Council had been in open revolt against the Vatican Curia. It was showing that what had appeared to be the smooth and untroubled outward surface of the Roman Catholic Church had been concealing a tidal wave of discontent, problems and doubts.

The storm had been building up for many decades. Throughout his papacy, from 1939 to 1958, Pius XII surrounded by sycophants, had disdainfully ignored the successor, John XXIII, had unleashed the flood gates.

Cardinal Montini's first objective on becoming Pope Paul VI was to endeavour to wind up the Council as painlessly as possible for the Curia. The second one was to attempt to reconcile the sentiments it had voiced with the established Roman Catholic doctrine and with the centralised autocratic government of the Church by the Vatican Curia. Time will show how successful—or unsuccessful—he has been in achieving them.

Unlike John XXIII Pope Montini was a typical product of the Curia in which he spent 30 years of priesthood—in fact, all but the last eight years before he became Pope. He grew up in the Curia in the towering shadow of Pius XI without, however, his aristocratic and ascetic fascination. He also lacked the human warmth and plain loveliness of John XXIII. His papacy was therefore spent in trying to reconcile the forces Pope John had unleashed within the Church with Vatican centralisation, the aloof, authoritarian intran-

gence of Pius XII with the humble broadmindedness of John XXIII. His decision to initiate the procedure for the canonisation of both Popes is almost a symbol of his papacy.

He was the first reigning Pope to visit all continents, to go on pilgrimage to Jerusalem, and to receive Communist leaders. He did so without heeding personal risk, walking calmly through jeering crowds in Jerusalem in 1964, and surviving a knife attack in the Philippines in 1970.

The son of a devout North Italian lawyer, journalist and later member of parliament, Giovanni Battista Montini was born near Concesio in 1897. A rather lonely and frail child he was sent to a school run by the Jesuit Order. He was never popular with the other schoolboys. His poor health made his parents take him away from school to have him educated at home by a private tutor. He announced his decision to enter the priesthood when he was 17.

Naturally a young priest who was the son of a well-known member of parliament was singled out for employment in the Curia. The Vatican's diplomatic service seemed to be the most attractive and suitable career for him. In May, 1923, he was appointed to the staff of the Papal Nuncio in Warsaw, but his foreign service lasted only six months. He returned to Rome where his health could not stand the climate of Poland.

For the next nine years, from 1924 to 1933, he was a junior official in the Secretariat of State and was attached as ecclesiastical assistant to the Roman Catholic organisation for university students, FUCI.

In March, 1933, he caught the eye of the Secretary of State, Cardinal Eugenio Pacelli (who

became Pope Pius XII in 1939) and was promoted to a full-time job in the Secretariat, thus commencing 19 years of work for and close association with Pacelli. As years went by Pius XII withdrew within himself, and fewer of the highest prelates governing the Church, while taking on himself tasks which normally would have been dealt with by members of the college of cardinals. When his secretary of state, Cardinal Magliano, died after the war, he failed to fill the vacancy and became his own secretary of state. Monsignor Montini emerged as one of the key figures in the papal entourage.

The secretariat of state was divided into two departments, ordinary and extraordinary affairs. Monsignor Montini headed one and Monsignor Domenico Tardini headed the other under the Pope himself. Their alleged rivalry became almost a joke in Vatican circles and was probably responsible for the legend which grew up around them. Tardini, the older of the two, was said to be ultra-conservative. Montini was said to be the most progressive-minded—almost left-wing—member of the Curia.

Despite this, Monsignor Montini was obviously the Pope's favourite and was being groomed by him for the papacy. Pius XII appointed both him and Tardini as secretaries of State but kept on postponing the promotion of both or either of them to the College of Cardinals. Then like a bolt out of the blue, in November, 1954, Monsignor Montini was suddenly banished from the Curia and from Rome. Pius XII announced that he was being appointed Archbishop of Milan. This post has always carried with it membership of the College of Cardinals, but in Montini's case promotion to it failed to

materialise during the rest of the life of Pope Pacelli, thus strengthening the rumour that Milan was designed to be a punitive banishment. It destroyed Montini's chances of succeeding to the papacy when Pius XII died. Cardinal Roncalli, who was 77, was elected as a stopgap.

The cardinals who elected him expected his papacy to be brief and uneventful. They could have elected Montini, even though he was not yet a cardinal, but it would have been a break with tradition which was many centuries old. Pope John raised Montini to the college of cardinals in 1958.

His election to the papacy on John XXIII's death was a foregone conclusion. It was the outcome of his years as Pius XII's closest collaborator under whom he had come to be thought of as the most open-minded and progressive member of the Curia. His papacy, however, has been characterised by resolution and contradictory policy, lacking in the forward-looking sweep which had been expected. At one moment he appeared to be influenced by the almost revolutionary views of Jacques Maritain's French school of Roman Catholic thought. At another the most backward-looking and narrow views of the ultra-conservative wing of the Curia appeared to be prevailing. Some of his measures, such as the *Humanae Vitae* encyclical on birth control, are still causing bitter controversy.

John XXIII, left the Roman Catholic Church in a state of turmoil but probably stronger, more united and more forward-looking than he had found it. It remains to be seen whether as much can be said of Paul VI.

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مكتبة الامير

HOME NEWS

Some Player and Embassy prices rise

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE of most John Player and Embassy brands, which together account for more than half the UK cigarette market, will rise by 2p a packet of 20 from today.

The rises have been allowed by the Price Commission under its safeguard provisions even though it has still to investigate the rises. Under the safeguard rules, companies can ask for rises to be implemented before the investigation if it can be shown that profit margins would fall below a certain level during the three-month investigation.

The increases were sought by Imperial Tobacco, part of the Imperial Group, on behalf of its subsidiaries John Player & Sons, could be coming to an end.

Energy policy 'could hurt Britain's trade'

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT could harm Britain's position as a major trading nation if it pursued a policy of energy self-sufficiency too vigorously, according to a report of the Royal Institute of International Affairs.

Mr. Lawrence Freedman, research fellow at the institute, writing in the *World Today*, said that the Government had made clear its belief that North Sea oil had created distinctive British interests which needed careful protection.

Such interests did exist, he said, but they were not overriding.

The Institute for self-sufficiency had already resulted in a counter-very within the EC and some of the economic benefits gained by self-sufficiency could be lost.

Even with independence in oil supplies, Britain will still be dependent on the rest of the world for trade and other raw materials.

If the oil was to regenerate British industry, the regenerated industries would need markets. "Through a crisis it may give in satisfaction to be relatively better off than others, if its major trading partners are leaving them Britain will suffer too."

Mr. Freedman argued that as a result of its oil, Britain would have a lever in international relations, particularly during the 1980s when crude oil supplies became tighter.

However, few firm decisions had yet been taken on either the

Andrew Scott wins £1.8m Welsh factory contract

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Welsh Development Agency, 30,000 sq ft are expected by the Andrew Scott of Port Talbot. All the units are to be built on build 25,000 sq ft, factories a 100-acre site, which forms the on Rassau industrial estate, near first phase of development at Ebbw Vale, south Wales.

The construction of the factories form part of the reshaping of 113m programme of industrial estate development and factory building in the Blaenau Gwent area, aimed at attracting industry to offset the shutdown of steel-making at Ebbw Vale in May, with the loss of 2,000 jobs.

Construction work is due to start in a week's time and the factories should become available for letting in early summer next year. Initially, they will provide space to support 400-450 jobs.

Further contracts for the construction of six 10,000 sq ft units, eight at 5,000 sq ft and two at 10,000 sq ft, are on target.

Marks and Spencer expansion

MARKS and Spencer's £200m development plan for the next four years includes the building of a very large store in Dublin, to be opened in 1980. New stores will also be built in Turin, Inverness and Harrow, and existing stores will be extended. Sir Marcus Sleaf, the chairman, said yesterday.

The group's development plan for the UK and Ireland was announced in May.

Household insurance warning

BY ERIC SHORT

A WARNING about under-insurance is to be issued to householders insured with the Norwich Union Fire Insurance Society, a member of the Norwich Union Insurance Group.

They are to be told that unless sums insured on both buildings and contents are index-linked, the amount paid in the event of a claim will be scaled down.

The move is revealed in the latest notice sent to agents by the society's home accident department.

Insurance companies have been hit severely recently on their householders accounts because many policyholders have failed to keep their sums insured up-to-date with inflation. This has meant that the premium income was inadequate to meet claims paid in full up to the limit of the sums insured.

The solution sought by companies was to link the sum insured to an appropriate index so that values rose automatically each month. But so far policyholders have had the option to link or remain unchanged and companies have relied on a policy of exhortation which apparently has not met with complete success.

This action by Norwich Union indicates that insurance companies are taking a tougher line in order to reduce the losses on householders accounts.

If policyholders will not index their contracts, then the amount of claims will be scaled down in proportion to the amount of under-insurance. For instance, if the sum insured is only £4,000 when it should be £5,000 then on a claim for £1,000 the payment would be £800.

The Sun Alliance Group, a leading household insurance company, is also proposing to take strong action to deal with under-insurance. Under its main policy which pays out claims on a full replacement value, the sum insured will have to be index-linked as a condition of the contract. It will allow the policyholder on its other policies the choice of index-linking or not, but where the sum insured has remained unchanged for at least two years then an under-insurance clause would be added which would scale down the claim payments.

Act will ban supply of unsafe goods

DEFECTIVE AND unsafe goods manufactured and sold in this country will soon be outlawed by the new Consumer Safety Act.

A report in *Safety*, the monthly newspaper published by the British Safety Council, highlights the fact that the Act gives power to the Department of Prices and Consumer Protection to bring to task the manufacturers of faulty goods, unsafe goods, and Britain's 1,500 weights and measures inspectors will have a duty to enforce the Act which will mean fines of £1,000 for first offenders.

The Secretary for Prices and Consumer Protection will have the power to issue prohibition orders and notices on manufacturers, retailers and those operating storage facilities and may also introduce regulations prohibiting the supply of goods which do not adequately reduce the risk of death and personal injury.

Rest of Style pieces to be auctioned

THE remaining contents of Waterbury Place, Mr. David Style's 18th century house in Kent — whose most valuable pieces were sold in May by Christie's for £1.8m — are to be auctioned next month.

This second sale, to be held on the premises by Christie's, South Kensington, should be of more interest for those with smaller budgets, the highest estimate for an item being £2,000.

Among the furniture to be sold are two beds from Leeds Castle, several Charles II lacquer cabinets and an ornamental pair of Regency black and gilt cabinets, each containing collections of stuffed birds. There are also about 100 pictures, European and Oriental ceramics and domestic equipment.

Press faces curbs unless it cuts out 'sensationalism'

BY JOHN LLOYD

LORD SHAWCROSS, Press Council chairman, has warned that "dangerously restrictive" legislation will be brought in unless newspapers print less sensational and scandal.

In the council's report for the year ending June 1978, published today, Lord Shawcross says that privacy was the most important matter of principle with which the council had to deal over the year.

"There is no doubt that recent years have shown an increase in the tendency to ferret out and publish stories which have some disparaging implication for those involved, though they relate to matters which are of no concern to the public."

"In the last year, and in spite of the enquiry by the Younger Committee, there has been no diminution in this tendency and the council is straining both its resources and its staff."

Two matters "of outstanding concern" were that the council was not well enough known or understood, and that complaints were not dealt with quickly enough. The report says that most delays can be attributed to the complainants or those who act for them.

"The Press and the People," the 23rd annual report of the Press Council, from 1. Salisbury Square, London EC4Y 8AE, price £1.

Warning over hopes for inflation cut

BY MICHAEL BLANDEN

SINGLE-FIGURE inflation over the period to 1982 is probably too much to hope for, it is argued by stockbrokers Phillips and Drew in their latest medium-term economic forecasts.

They are nevertheless more optimistic than they have been in the past about the outlook for wages and inflation. "We feel that the return in the 1977-78 pay round gives some grounds for hoping that the longer-term prospects for pay bargaining have improved discernably," they say.

Part of the moderation shown in the past pay round, the comments suggest, was "perhaps due to a greater understanding on the part of the labour force that demands for high nominal wage increases do not necessarily result in large increases in real take-home pay."

At least, the brokers say, the climate in which negotiations are conducted now seems more realistic than in the 1974-75 round.

As a result, they have assumed in making their forecasts that there will be a 10-12 per cent increase in earnings in the 1978-79 round under the Government's 5 per cent basic wage policy. This, they assume, will be followed by a period in which gross earnings rise, after a lag, by 1 per cent for every 1 per cent increase in the retail price index.

Backbenchers 'must control expenditure'

BY MICHAEL BLANDEN

A STRONGER ROLE for backbenchers in the House of Commons is called for today by Mr. Terence Higgins, Conservative member for Worthing.

In an article in the latest issue of the *National Westminster Bank quarterly review*, Mr. Higgins argues that action against the working of the Commons must take place not only in select committees, but on the floor of the House.

Most current proposals for reform delegated responsibility to specialists even more than at present. "A strategy based on developed and the natural place to start was the control of public expenditure."

Last week an all-party select committee called for a series of reforms to give Parliament greater power, largely through select committees monitoring the work of Government departments.

According to Mr. Higgins there had been "a remarkable reassertion of backbench power in the Commons" during the past 12 months.

"There is now the need to improve Parliamentary control of our economic affairs, and the present mood gives us the best opportunity to do so for many decades."

In considering the best strategy for reform, it was necessary to examine both the way in which Parliamentary time was allocated on the floor of the House and the formal procedures for expenditure control.

The foundation of Parliamentary control, based on the control of supplies — the provision of money to the executive — had been "seriously eroded."

Debate and control of expenditure had been sacrificed.

Supply days, on which the subject for discussion was chosen by the official Opposition, should be retained for this purpose, with there should be a minimum allocation of public expenditure days for general debates on the control of public expenditure.

Select committee days should also be allocated for debates on votes on Public Accounts Committee and Expenditure Committee reports.

College asks companies to sponsor research

THE HENLEY Administrative Staff College is inviting companies to sponsor scholarships to aid research into international business of interest to exporters and their customers. The scholarships would bear the companies' names.

At a recent meeting in New York senior UN executives agreed that Henley had the facilities with which to conduct research and identified problems in the developing world which could be tackled either by UN sources or privately.

According to Mr. Michael Jones, newly-appointed director of Henley Centre for International Management, "There is no doubt that funds will be available and that the new international British Overseas Trade Board."

Merseyside fights to win £50m plant

THE MERSEYSIDE chamber of commerce and industry has written to the local MPs urging them to bring pressure on the Government to ensure that all or part of the £50m micro-processor plant being set up through the National Enterprise Board is brought to the area.

Mr. Eric Varley, Industry Secretary, has stated that high unemployment areas would get preference in the selection of the site, and Merseyside, with a rate of over 12 per cent, urgently need the 4,500 jobs the project would bring.

The chamber says that inter-related skills already exist such as those at Plessey Telecommunications and the British Insulated Cables. "We consider that an entirely new industry with a predictably bright future would help to redress the balance and give an opportunity for employer-employee relationships to be built up on a modern basis undisturbed by past precedents."

The Merseyside county council's new development office designed to co-ordinate efforts in bringing industrial investment to the area is spearheading the campaign supported by the North-West industrial development association and the North-West council of the TUC.

New 'own your farm' Tory plan

Financial Times Reporter

A NEW "own your farm" plan aimed at confining sales of county council-owned smallholdings to sitting tenants is being launched today by the Conservative Party.

Mr. Michael Jopling, MP for Westmorland, and Tory spokesman on agriculture, says that, while the county councils should continue to decide whether to sell their smallholdings, the sales should preferably be confined to the sitting tenants at prices close to market values for tenanted property.

There are 9,887 smallholdings, covering 166,962 hectares, in England and Wales, heavily concentrated in a few counties such as Cambridgeshire, Norfolk, Lincolnshire, Somerset and Suffolk.

They used to provide "a very valuable first step into farming for thousands of young men."

In 1978-79 only 162 new tenancies — 1.6 per cent of the total — were granted and only 12 tenants during that period went on to take farms in private ownership.

"We believe that, with the full impact of the Agriculture (Miscellaneous Provisions) Act 1976 on hereditary tenancies, there is little likelihood of our smallholdings providing increased opportunities for young men," says Mr. Jopling.

This better growth profile, nevertheless, "is insufficient to reduce registered unemployment even in the medium term."

Caledonian staff to share profits

BY LYNTON McLAIN, INDUSTRIAL STAFF

CALEDONIAN AIRWAYS, the appropriate financial year, will parent company of British Airways, is to introduce a profit-sharing scheme for all eligible employees.

The scheme will be formally introduced at an extraordinary general meeting today and will start operating with profits made in the year ending October 31, 1978.

Each year up to 5 per cent of the group's pre-tax profits will be set aside for buying ordinary shares. These will be allocated to the group's 4,866 employees, including the directors, in proportion to individual salaries.

The shares will be held by a group of trustees for a qualifying period. During that time, dividends earned on the shares will be paid direct to the employees, who will be represented on the group of trustees.

Full-time employees over 21 have set aside £400,000 for years of age who pay UK taxes chasing employee shares if the company had been operating. The pany payroll for at least two years on the last day of the 8.7p per share.

Airline sponsors pilot training

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways there will be a pilot shortage in is sponsoring a new flying training scheme to help meet its pilot needs for the 1980s.

It is seeking men or women between the ages of 18 and 24, have decided to sponsor young and initially is sponsoring 10 trainees from scratch.

Places at the College of Air Training at Hamble, near Southampton. After 21 months' training, the successful applicants will join British Caledonian for conversion training to airline standards.

Captain P. A. Mackenzie, the flight operations director, said: "It is generally accepted that due for delivery before 1980."

After 21 months' training, the successful applicants will join British Caledonian for conversion training to airline standards. jets, nine Boeing 707s, 16 One-Elevens and two Piper Navajo flight operations director, said: "It is generally accepted that due for delivery before 1980."

School orders 30 Pipers

BY OUR INDUSTRIAL STAFF

THE OXFORD Air Training School has placed a £900,000 Tomahawk and 12 Piper order for 30 aircraft with the U.S. Piper Aircraft Corporation. The order is one of the largest for training aircraft to be awarded by a non-military body.

The school is based on a fleet of 55 aircraft flying from Oxford and Carls, where it trains 250 full-time students from airlines around the world.

The Oxford Air Training School is the largest professional pilot training organisation in Europe.

Air Anglia to cover Stansted

AIR ANGLIA, the independent airline, will add Stansted to its routes to Leeds, Bradford, Edinburgh-Aberdeen service from November 1, when its winter timetable begins.

The service will operate from Monday to Friday and single fares to Norwich will be £13.60, Leeds/Bradford £24.20, Edinburgh £33 and Aberdeen £39.80.



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DECLARATION OF DIVIDEND No. 8 (Final)

Notice is hereby given that dividend No. 8 of 11 cents a share, being the final dividend for the year ended June 30 1978, has been declared payable to shareholders registered in the books of the corporation at the close of business on August 25 1978. This dividend, together with the interim dividend of 5 cents a share declared on February 3 1978 makes a total of 16 cents a share for the year (1977: 15 cents).

The dividend is declared in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about October 5 1978.

Any change of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries not later than August 25 1978. Shareholders must, where necessary, have obtained the approval of the South African Exchange Control authorities and, if applicable, the approval of any other exchange control authorities having jurisdiction in respect of such changes.

The share transfer register and register of members will be closed from August 26 to September 9 1978, both days included.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged audited consolidated income statement of the corporation and its subsidiaries for the year ended June 30 1978, is as follows:—

	1978	1977
Profit for the year before taxation	27 976	33 107
Less: deferred taxation	6 609	11 041
	21 367	22 066
Less: outside shareholders' interests	966	1 326
Attributable profit	21 081	20 740
Interim dividend No. 7 of 5 cents a share (1977—No. 5 (Interim) of 5 cents)	3 388	3 386
Provision for dividend No. 8 (Final) of 11 cents a share (1977—No. 6 (Final) of 10 cents)	7 454	6 772
Retained earnings for the year	10 159	10 582
Number of shares in issue at June 30	67 763 270	67 720 770
Taxed earnings per share for the year	31.0 cents	30.6 cents

As forecast, the deferred tax showed a further reduction this year as a result of substantial investment allowances derived from the commissioning of the plate mill and other items of plant associated with the flat product expansion.

By order of the Board
A. J. L. Pretorius
Company Secretary

Registered Office:
Portion 29 of the Farm
Schougezicht No. 308 J.S.
District Witbank
(P.O. Box 111, Witbank 1035)
Witbank
August 4 1978

Transfer Secretaries:
Consolidated Share Registrars Limited,
82 Marshall Street
Johannesburg 2001
(P.O. Box 61881,
Marshalltown 2107)

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3.	September 27, declared values.
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The Executive's and Office World

Business courses

European Chemicals in the 1980s—Problems and Possibilities. Excelsior Palace Hotel, Venice, Italy, October 9-11. Fee: £130,000. Details from Rankin Kuhn Travel, 19, Queen Street, Mayfair, London, W1.

Course for World Processing Supervisors. The Stockport College of Technology, September 12-14. Fee: £110 plus VAT. Details from Management Studies Centre, 51a, George Street, Richmond, Surrey.

Finance and Accounting for the Non-Financial Executive. Royal Westminster Hotel, London, September 13-15. Fee: £525.00. Details from AMR International, 6-10, Frederick Close, Stanhope Place, London, W2.

The Skills of Purchasing. Arlington Hotel, London, October 2-6 (residential). Fee: £220 plus VAT. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent.

The Export Sales Executive's Course. The College of Management, Rugby, Warwickshire, October 2-13. Fee: £585. Details from The College of Management, Dunchurch, Rugby, Warwickshire.

Today, Management Centres Europe. Brussels, August 29-31. Fee: £29,000. Details from Management Centres Europe, Avenue des Arts 4, B-1040, Brussels, Belgium.

New Techniques for Decision Making. Brunel University, Uxbridge, Middlesex, September 28-29. Fee: £150. Details from Brunel University, Uxbridge, Middlesex.

Why businessmen are failing the screen test

BY NICHOLAS FAITH

A GHOST has finally been laid. Independent television can no longer be accused of being afraid of the world of business. But as one spectre fades, so another appears: businessmen in the news can now be accused of being scared of the cameras, to the extent that their own case, against government, unions, or the consuming public, is bound to go by default.

The programme Time for Business was a long time gestating. It was not until last October, 23 years after commercial television started in Britain, that an ITV station got round to running a regular weekly news magazine devoted exclusively to the world of business, finance and economics. From Thames TV, Time for Business ran for an initial 20 weeks and was sufficiently successful to come back for a short summer season, and then, on a more regular basis, in the autumn.

Our success was highlighted by the audience figures—far higher than for the only direct competitor, The Money Programme, and higher too than for similarly serious offerings presented at the same time of night. The only major problem we had was a change in the format when we returned to the screen—was with the subjects of our series, the people, virtually all male, who run British business. The more newsworthy their activities, the less anxious they were to appear before the camera. And, because their reluctance appeared so general, so ingrained, the new series

cannot concentrate on the week's news to nearly the same extent as the first one.

On the face of it, this is extraordinary. For many years the business world has been complaining that its activities have not been allotted sufficient airtime. Indeed, early last year a conference was devoted to the subject of television and business.

One might have expected that, faced with a team able to handle the world of industry and finance, then businessmen would unbend, would make themselves available, would admit the cameras to their debates and the factories and offices they controlled.

This assumption turned out to be almost completely unjustified so far as businessmen in the news were concerned. The list of top businessmen, from Sir Arnold Weinstock to Sir Charles Villiers, who were conspicuous by their absence from the programme was legion, and the roll-call of those who refused to allow the cameras into their factories and offices is scarcely less distinguished.

There were exceptions—especially in the City of London which, in general, proved markedly more co-operative than industry, or than its historic image would suggest. The example of the City Communications Centre, a small group set up to encourage City people to communicate more freely, followed this co-operative attitude. (Indeed it was the City, in the



'I told you I wanted to maintain a low profile'

person of Robin Leigh-Pemberton, chairman of NatWest, who provided the team's only hero: on the series' opening night, he sprinted half the way from the Guildhall to Thames studios in the Euston Road in 'pouring rain—and white tie and tails—to comment on the Chancellor's speech at that night's Lord Mayor's banquet, only to arrive just as the programme was going off the air, and yet still found time to be nice about his miserable extended jogging session.

But Leigh-Pemberton was a glaring exception. It was not that the great and good in general spurned our advances—just that the refusal rate was inf-

initely higher among businessmen than in the political or trades union world. Three cabinet ministers, a number of their junior brethren, as well as trades union leaders found time to appear, even though we deliberately called on them only when there was a particularly controversial news peg to support their appearance.

The contrast with top businessmen was painful. They are, of course, only too happy to appear in general discussions of the "What's wrong with..." type: but they funk—there is really no other word for it—appearing when their own interests are directly at stake, the

very time when they have a chance to interest the public in their views.

As any experienced business journalist will confirm, the general views of the upper crust of British business tend to be stereotyped and repetitive—which is saying that they are only human, like the rest of us. Business leaders, like other experts, are exceptional and interesting only on their own subject—but when their subject is in the news they will not come and talk about it. Then they complain 'they are misunderstood'.

The reasons for businessmen's absences were many and various, open and undeclared although the major excuse for not appearing in the past—the ignorance of industry on the part of those involved in producing problems had been removed by the recruitment of a team of highly qualified business journalists. The usual reason was that businessmen work in the evenings; they have to attend a great many dinners and other formal occasions—though surely not more than politicians or union leaders (though, admittedly, they do travel further and more frequently than either of the other categories). They are not chosen for their ability to communicate, and are often very bad at projecting themselves in public—a deficiency of which, if anything, they are over-aware.

Many businessmen compound their difficulties by relying on public relations staffs to prepare their scripts for them. The combined effect of these shortcomings was seen at its direct at Brighton last November. Speaker after speaker ascended the podium to utter a series of platitudinous and repetitive half-truths, mostly harping on the twin themes of over-taxation and inability to invest abroad. Indeed if Time for Business or any other current affairs programme had wanted to put the boot into the business world, really and truly, then it had only to run long extracts from these so-called "debates." The few exceptions—notably Terry Beckett of Ford—demonstrated with painful clarity what the vast majority of speakers lacked in content and delivery.

The tragedy of so many of these same business leaders—as of the absentees from our programme—is that in face-to-face conversations on their own subjects (and in their own words, not those put into their mouths for the occasion) they are the most convincing and cogent of disputants—their style exactly suited to the conversational note so essential in television.

But this general lack of confidence vis-à-vis television is as nothing compared with the general terror inspired by the idea of industrial unrest which could be caused by any appearance or any tele-intrusion into factories or offices. The most dramatic instance was when the Post Office, at 24 hours' notice, backed out of a commitment to

face a group of telephone users drawn from every corner of the business firmament because of fear of upsetting some delicate negotiations with the telephone engineers.

These, it was alleged, were coming to a head even as our programme was to be broadcast. As far as we can see, the crunch is still coming and a major chance was missed to defend the Post Office's by no means despicable record in front of an audience which by that stage in the programme's development, had reached the one and a half million mark in the London area.

There were numerous other cases where management, by refusing to appear, handed over the initiative to the unions. Or, in many instances, simply faked the row that could possibly, conceivably, be caused by allowing cameras into a factory.

By behaving in this way, private industry is simply giving up one of its best weapons—the opportunity is unique—the only programme devoted to business on a majority channel (the BBC's admirable Money Programme is, of course, confined to BBC2). And it is all very well for businessmen to retain a residual feeling that they are not responsible to the public, but only to their shareholders.

All right, but the corollary is that if they feel they can ignore the public, then the public will ignore them.

Nicholas Faith is financial consultant to Thames TV's programme, Time for Business.

Sickening reminders of tropical travel

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

READERS will be happy to know that this is the last of the tetralogy devoted to foreign travel.

It should be remembered that if a traveller falls ill within a few days, weeks or months of returning home, it is essential that he tells his doctor which countries he has visited and even the places where he may have had to spend a few tedious hours in some dreadful transit airport.

The reason is simple: certain tropical diseases can be contracted in a particular area and they may take a long time to incubate. Tropical dysentery, of various types and causes may

greatly puzzle the doctor who is not given a complete history by the patient. Without such knowledge, his diagnosis may be wrong and the correct treatment dangerously delayed.

Rarities such as the deadly Lassa fever can easily be missed because, to begin with, the signs and symptoms are similar to those of influenza. Soon, however, it will be evident that a dreadful malady is present which could kill the sufferer and those around him. Any delay in diagnosis and treatment reduces the possibility of recovery very markedly.

Other less rare diseases not uncommon in certain parts of

the world may prove yet more difficult to diagnose because they are so tardy in appearing. Infective hepatitis, for example, which produces jaundice and considerable illness, may take up to eight months to appear, although the average incubation period is around three months. With so great a time lag, it is easy to forget to mention overseas travel as the memory vanishes as quickly as the sun. Then there is our old friend

malaria. Theoretically, those who have taken proper precautions before, during and after visiting malarial areas, should not be affected, but cases do turn up and may bewilder the unbriefed physi-

cian. I must admit to being caught out myself quite recently. The patient, a man of 60, complained of lassitude, anorexia, drenching night sweats and other odds and ends. I thought of a number of possibilities, particularly tuberculosis, which is not so rare as it was a decade ago. But it was a pathologist who solved the problem when he had examined blood samples I had sent him: yes, it was malaria. I feel that I did have some

excuse for missing this because, although the patient had indeed had malaria, it had occurred in Burma 33 years before! He was cured easily, but I found the case to be a valuable lesson in the vagaries of nature and the necessity for the doctor to consider every possibility, even if the answer is improbable.

Lastly there is jet-lag. This can prove to be very disconcerting at the best and, at the worst, may lead to very dangerous decisions being taken. The cause is a pathological interference in one's metabolism caused by behaving in a manner hardly envisaged by the Almighty. Flying east-west or vice-versa, involves the crossing of time barriers. Aggravating as this may be psychologically, the

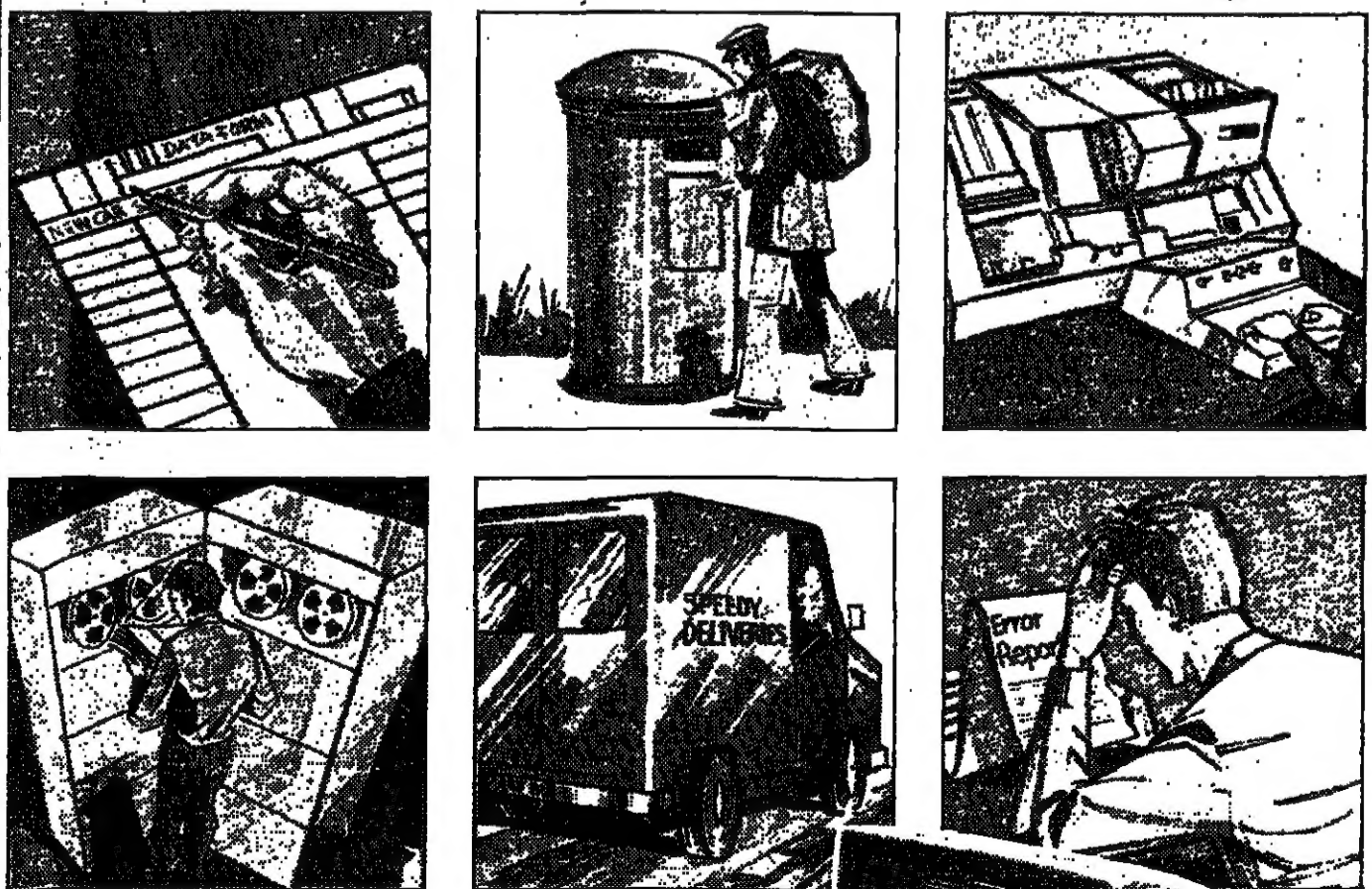
human body is not prepared for such liberties and will not fail to complain. Very basically, the day-time metabolism differs considerably from the nocturnal process when the body expects to "idle," so to speak. Thus if one has altered the "body-clock" artificially, time is out of gear and the result is not dissimilar from trying to drive a car flat-out when the motor can only idle.

The result—depending on distances and speeds—may be very disturbing. Mild confusion; marked memory lapses and even irrational behaviour may occur and last for up to seven days. Often the sufferer is unaware of his predicament until he has returned home and discovers his behaviour to be strange. When

in a foreign country, however, with alien tongues and funny money and customs, he expects to be confused and attributes anything odd to these factors. The matter can be very serious, particularly for politicians and executives who may well make absurd or disastrous decisions.

Many sensible companies tell their executives to take 48 hours off at each end of the journey or, better still, to break the voyage half way for a few days. But 48 hours is not always sufficient as some people are affected for longer periods. One day, I hope, urine tests for metabolites etc. should be able to demonstrate exactly when the metabolism has returned to normal. Until then, we must depend on trial and error. But any organisation so obtuse as to fail to allow for the condition, deserves the results of chaotic decisions arising from the phenomenon.

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LON/ARD

Caring about the dollar

BY DAVID LASCELLES

ONE WOULD hesitate to use the word dialogue to describe what passes to and fro across the Atlantic between governments seeking a way out of the industrialised world's economic difficulties. It's more of a double monologue in which the Americans, while having plenty to say, pay small heed to the Europeans, and vice versa. However, the Europeans might grasp more of what comes at them if they appreciated just one fact: that the weak dollar they worry about could hardly bother the Americans less.

By way of illustration, let me describe a recent lunch meeting in New York at which the senior economist of one of the city's largest banks held forth at some length on his country's economic problems. His analysis lasted through the soup course, through the entrée and well into dessert. It was a thorough piece of work covering the flood of business and the consumer, housing starts, inventories, capital spending, inflation, interest rates and profit outlook.

To the Americans present, he had covered the field. To the Europeans he had left out a not insignificant thing, the dollar. When asked whether this was accidental or intentional, the economist replied "a bit of each". He was polite to admit the possibility of accident at all. For the truth is that Washington has far more important things to worry about than the dollar. And as for the man in the street, the dollar's decline is something of which he remains blissfully unaware until the day he slips off a plane in Europe, or worse—Japan.

It is easy for European countries, who rely so heavily on foreign trade for survival, to forget that exports and imports account for only 5 per cent of the U.S. GNP. It is also hard for Europeans who spend their days eating Kellogg's cornflakes, riding in Ford cars, and drinking Coca-Cola to comprehend that U.S. industry rates among the least export-oriented of any in the industrial West. Why bother with exports when the home market is so big and so rich? And if the outside world is so unimportant, why bother about dollar parity?

So much for fundamental attitudes. What about Washington? If one were to list President Carter's major pre-occupations on the economic front at the moment, they would probably run as follows:

1.—Inflation. This has nothing to do with the dollar. The causes are the government deficit, declining labour productivity and a critical shortage

of meat. The only conceivable foreign trade involvement—oil—actually works in the country's favour since the real price of oil goes down with the value of the dollar.

2.—Taxation. The Administration's tax reform proposals would actually reduce the overall level of taxation, thereby giving an added impulse to consumer spending and—presumably—helping to weaken the dollar still further.

3.—Energy. Though the aim here is to reduce oil imports and thereby improve the balance of trade, the debate within the U.S. itself is far more concerned with technical issues like the deregulation of natural gas prices than with the need to strengthen the currency. Furthermore, the fact that the Energy Bill has now been bogged down in Congress for 15 months does not imply much concern for the fate of the dollar.

4.—Economic Growth. The first half of the year was encouraging, but the prospects are cloudy. Although the Fed is acting cautiously by raising interest rates, it is now in open conflict with the White House, which is more concerned with maintaining the economic momentum and holding down prices.

Big deficits

5.—Only here could one list the dollar. But where does the U.S. interest really lie? At a time of big trade deficits, declining ability to compete and demands for industrial growth, there can only be one answer: a cheaper dollar to help U.S. exporters penetrate those tricky European and Japanese markets. It is not surprising, therefore, that at Mr. Carter's latest news conference, which took place just as the dollar was hitting the ¥200 mark for the first time, there was not a single question about the problems besetting the national currency, nor about how the President proposed to deal with them.

It is tempting, of course, to argue that the Americans have cared not one cent about the dollar since Mr. Nixon closed the gold window. But that is not altogether true. There are people in Wall Street who point out the dangers, there are others who talk about the U.S. responsibilities as guardian of the major world currency. And there are those, indeed, who come back without a cent to their name. But their combined voices get lost in the general hubbub.

THE WEEK IN THE COURTS

Judiciary unsympathetic to discrimination claims

BY JUSTINIAN

IT WAS inevitable sooner or later that the main investigative bodies established by Parliament in recent years to deal with the citizens' grievances against authority, in particular against discrimination in the field of employment, would come under judicial scrutiny. Also inevitably it fell to the Master of the Rolls, Lord Denning, to utter strident criticisms of such organisations that appeared to be taking over the functions of the courts.

A pair of cases at the end of the last year, on appeal from the Employment Appeal Tribunal involved the right of aggrieved persons (aided in both instances by the Equal Opportunities Commission and the Commission for Racial Equality) sought disclosure from their employers of documents in order to sustain their actions for unlawful discrimination. Did Parliament, when it gave the Commission for Racial Equality the right to bring actions, intend to give them incidentally also the right, before trial, to have inspection of all relevant documents in the possession or under the control of their employers, even though such documents had come into existence under a promise from their source that they will be treated as confidential?

In the first case a married woman employed by the Science Research Council was seeking promotion to the grade of executive officer. When she failed she complained that it was due to discrimination on the grounds of race. The Council disclosed her own confidential reports, but declined to disclose reports on two clerical officers who were also selected for interview. Over the protest of one of the officers, the Employment Appeal Tribunal had ordered disclosure of the reports to the complainant, but the Court of Appeal reversed that decision on the ground that the supply of the names of rival candidates, their qualifications and other details about them went quite far enough in assisting the complainant. The Council was entitled to draw the line at information about other applicants for promotion which had been given and received in confidence.

In the second case, British Leyland resisted disclosure of information about four Asian employees, including an Asian interviewed for vacancies with the firm. The Asian, who was unsuccessful in his application, complained that he had been discriminated against on the grounds of race. His three

rivals (two of whom were successful) being white. British Leyland disclosed the employment records of all three, but refused to reveal matters of their personal history and reports on their personal qualities as to their fitness for promotion. The Court of Appeal again upheld the employer's claim of confidentiality. Whatever the rival professions for voluntary effort to combat discrimination to that of law enforcement of the right not to be discriminated against.

This discloses a judicial approach that shows a distinct preference for voluntary effort to combat discrimination to that of law enforcement of the right not to be discriminated against.

Earlier view

Lord Denning however goes further in revealing his antipathy to the law's intrusions into this area of industrial relations when he complained earlier in his judgment "The statutory duty should not treat them (the employers) as if they were miscreants seeking to evade the law, seeking to keep back incriminating documents. If the statutory Commissions seek to know the law, they will find that it will lash back against them." This outburst accords with Lord Denning's earlier view that the two Commissions possessed "inquisitorial powers" never before known to the law.

Lord Denning's strictures (significantly not endorsed expressly by his two judicial brethren) seem misplaced. Under the law an aggrieved party is now given a right to compensation for unlawful discrimination in cases of alleged sex or racial discrimination. The burden of proof is on the applicant; but when there is a complaint based on discrimination because of trade union activities it is the employer who has to show the grounds for which action was taken against the complainant.

If complainants cannot have wide powers of disclosure of their employers' documents in cases of sex or racial discrimination there will inevitably be a disadvantage in favour of the employer. The burden of proof in those two cases, it is hard to see why Lord Denning wants to produce such Parliamentary

reaction for the sake of not extending sensibly the ambit of disclosure of relevant documents. After all, disclosure of documents in court proceedings is strictly restricted to the parties to that litigation; no one is entitled to use such documents for any purpose other than the court case. Hence any breach of confidentiality is strictly confined.

When Lord Denning talks starkly of the formidable powers of investigation of the EOC and CRE he cannot be unimpressed that for a long time the factory inspectorate has deployed immense powers with great wisdom and care against factory owners who might be failing to protect their workmen from the industrial hazards to health and safety.

All Lord Denning's fears and forebodings about the investigative powers of the EOC and the CRE sit uneasily alongside his views of the powers of the Parliamentary Commissioner for Administration (the Ombudsman) and the Commissioners for Local Administration (the Local Government Ombudsmen). In the case brought by Bradford Metropolitan Council to stop an investigation by the local commissioner for the north and north-east areas of England into the administration of the local authority's powers in the field of child welfare no such perturbations fell from Lord Denning's lips.

The argument by the local authority was that before any investigation could be undertaken, there had to be a specific complaint of maladministration.

Lord Denning said that "in the nature of things a complainant only knew that he had suffered injustice. It was too heavy a burden for the complainant to specify what the injustice was, and hence there could be no restriction upon the ombudsman investigating with all his statutory powers and looking at all the files of the local authority."

Just so. Likewise, the person who only knows that he has been discriminated against cannot specify how and why he has been discriminated against; he can only substitute that feeling only by having access to all the relevant material which the employer may have and which may include confidential information on his rival for a particular job or for promotion.

Bureaucrats seem fair game to the judiciary, while business managers are not to be treated like miscreants but trusted to carry out the spirit of the law against discrimination.

CRICKET BY TREVOR BAILEY

The batsman's disease—and how to cure it

ALTHOUGH IT could be justifiably argued that Mike Brearley lacks the pedigree and technique to be outstanding at international level, he is a very accomplished batsman, as well as an astute captain. This claim is clearly substantiated by his record in more than ten years of first-class cricket, in which he has made some 20,000 runs and has an average in the high 50s. His figures show him to be a good, well-above-average county player, and are similar to those of Graham Roope and rather better than those of another England captain, the elegant Mike Denness.

With considerable character and determination to support his batting skill, Brearley should have had no problem in scoring runs against Pakistan, whose attack was less lethal than that of most counties, and although the New Zealand bowling is stronger, it should not worry him unduly. What then is the reason for his run of low scores for England and Middlesex this summer?

The answer is that he is suffering from that common complaint dreaded by batsmen, the bad patch. In his case it has been made worse because every failure is headline news, and there are also those who rejoice when this occurs, because they do not believe he should be captain of England. The longer it lasts the bigger the story. Unfortunately, there is no instant cure for this complaint, which all players must expect at some time in their career. Only the length and the severity is different.

It is no respecter of ability and many batsmen of far greater skill than Brearley have suffered. Denis Compton was a classic example of the 1950-51 tour to Australia, with a highest score in the Tests of 23, and an average of seven. Here was one of the immortals, who not so long before had, in one unforgettable

summer, made 3,516, including 18 centuries, not only unable to score runs, but looking so out of touch that even the Australians felt sorry for him! An England captain and master player who caught this batsman's disease was Peter May in South Africa. He was in the form of his career, and at that time probably the finest batsman in the world, but he failed in the five Tests, although centuries and double centuries flowed from his bat in other matches.

What causes a bad patch? The main reason stems directly from a basic fact of batting, that one either makes or a bad stroke, and an innings, or a single error may prove fatal. It is exactly this pressure which makes batting so fascinating and so a challenge. The elation of such a challenge and the depression caused by a run of six low scores—that's cricket, and that's life!

Loss of confidence

Once a player experiences a runless period he loses confidence. Instead of expecting to make runs he has doubts, which is when, to add to his problems, luck can so often play a part. The unfortunate will find himself half-chance sticking in a fielders' hand; the occasional bad decision going against him; hitting the field, not the gaps; and meeting the unplayable ball.

The way to cure a bad patch is substantial innings which instantly restores the confidence. Nets can be useful to eradicate a fault which may have been contributing to the lack of success, but confidence will come only from runs in the middle. How does one set about making them in these circumstances?

My own approach was to go to the wicket determined to survive, and then to set a series of modest targets—getting off the mark, reaching double figures, the teens, twenty, the high twenties, and the comparative respectability of 30. Around 35 the batsman would begin to sound different, and start becoming enjoyable, and then I knew I was cured. Some players, especially the stroke-makers, prefer to hit themselves back to their health, but for most it is a matter of increased application.

There have been suggestions that Mike Brearley should go down in the order, but as he likes batting and it is his health, but for most it is a matter of increased application. A contributory factor in Mike's case could be pressure of his benefit year. It is not unusual for a batsman to have an off-form season, though some have been inspired, to greater deeds by the clink of money rattling in collection boxes. It should also be remembered that only last winter Brearley was seriously injured while batting, and this may well have affected him. It took the little John Edrich a considerable time to recover his confidence against pace after being knocked out by a bouncer. This summer Brearley has firmed up successfully with a crash helmet, and he may subconsciously be worrying too much about being hit again and not enough about losing his wicket. He has accepted his lean spell sensibly and philosophically, knowing it will end because a batsman of his class must inevitably make runs. He has not been helped by the rain and the hours wasted in the pavilion. The one comforting thought for a batsman suffering from a patch of this proportion is the vast legion of players who have never scored sufficient runs to know when they are affected.

GOLF BY BEN WRIGHT

Drama as Watson sees lead whittled away

TEXAN John Mahaffey stole a drive, Watson stepped to the tee with a five strokes advantage over both he and Mahaffey.

And then the fun started. Watson caught a greenside bunker at the tenth, played a poor recovery, took three putts for a six. Mahaffey rolled in a birdie putt of fully 50 feet to make up three strokes on the leader.

So, with five holes to play, Watson, who has lead by an ever-widening margin since the first day, was only tied in second place at eight under par with Jerry Pate, who is playing in the group immediately in front of him.

Watson started with a five strokes advantage over Pate, and seven in front of Mahaffey. A glorious long iron shot by the leader to within a yard of the hole at the 480-yard 9th gave Watson a magnificent eagle five at the 12th, but he was plainly wobbling now—like a drunk trying to negotiate a narrow street.

The strain was all too evident on his face, as, in front of him, a huge roar went up when Pate time had dropped out of the race. When Pate dropped a stroke at 185 yards 13th and easily sank the dangerous 480 yards par four in tenth hole after an inaccurate

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Then Watson hit another dreadful hook from the 13th tee so wide that it missed the bunkers. His recovery was not stayed on the green as he took two putts and suddenly the trio were all tied up at 8 under par.

By the 14th, where Pate and Watson shot par four, there was every prospect of a sudden-death play off beginning at the first hole if the thunderstorm held off.

In spite of a miserable start of 6, 4, 6, Peter Oosterhuis came home in 33 shots for a 73 and a total of 290 that will earn him a sizeable cheque for a place in the 20.

Dr. Gil Morgan had the most unusual experience of hitting a one iron shot straight into the cup at the 355 yards par three eighth hole and he is now tied with Tom Weiskopf in fourth place at four under par but not, of course, in the hunt as far as victory is concerned.

It now seems likely that Mahaffey, who has battled back from serious hand and wrist injuries suffered when he fell off a ladder at home, will be compensated for the two U.S. Open Championships he lost so narrowly to Lou Graham in Chicago in 1975 and to Pate in Atlanta the following year.

RACING BY DOMINIC WIGAN

Strong catalogue at Saratoga

THE KEENEELAND Select Yearling Sale in Kentucky produced some staggering figures last month and an average of about \$130,000 per lot. Judged by its catalogue, Saratoga could this week prove an equally strong market.

Two hundred and fifty-five yearlings are due to be sold in the yearling sessions after racing from tomorrow until Friday. The catalogue includes a yearling half-brother to a Triple Crown winner, a half-brother and sister of horses of the Year and half-brothers or sisters to several other champions or classic winners.

For many, the highlight of the sale will undoubtedly come at about 9.30 pm on Wednesday, when a half-brother to Secretariat is led into the ring. For others, Thursday evening, which sees a half-brother to Alleged and a half-sister to Caraculo coming onto the market, could well be the high-spot of the week.

The Bold Bidder colt out of Princess Point, who is Alleged (now thought to be back

to somewhere near his best and ready for a tilt at the Arc) is reported to be a particularly taking individual. The keen competition—which will almost certainly include the Sangster syndicate, which went to \$175,000 for Alleged—could well see him providing the sale's top price.

No fewer than 13 stallions who raced exclusively in Europe are represented this week at the 58th annual sale at the Spa Resort in upstate New York. They include such potentially top-class sires as Lyphard, Roberto and Thatch and the already proven Vaguely Noble, Nijinsky and Sir Ivor.

Lyphard has enjoyed a particularly successful time with his offspring this year in Europe and it will be interesting to see if this is reflected in the market, where yearlings by him are led into the ring.

Vaguely Noble, whom I could well see becoming one of the outstanding sires of all time, has three representatives in the sale. Two are predictably being sent up by the world's most heavily committed bloodstock investor,

Dallas-based Mr. Nelson Bunker Hunt, whose racing and breeding interests may now be worth more than \$100m.

Although the Tote Ebor Handicap favourite, Sallidoch, proved a bitter disappointment to his jockey, Taffy Thomas, when he lost touch with the leaders a long way out in Saturday's New Zealand-Great Britain Handicap, it could well be that the Newmarket race threw up the Ebor winner in Lorelei.

Luca Cumani's filly, admirably ridden by Geoff Baxter, from whom it was nice to see her receiving several congratulatory pats down her neck before passing the post—a gesture rarely seen from either flat or national hunt jockeys—clearly still has the way up and is now fully entitled to start a warm order for the Tote race which Cumani is looking forward to with more than a little optimism.

NEW CASTLE
2.30—Bird's Castle
3.00—Hopetown Courage
3.30—Vagly Great
4.00—April
4.30—Kinko Train
5.00—Kandos

TV/Radio

BBC 1

↑ Indicates programmes in black and white
6.40 am Open University (Ultra High Frequency only). 9.50 Paddington. 9.55 Jackanory. 10.10 Scooby Doo. 10.35 Belle and Sebastian. 1.30 pm Mr. Benn. 1.45 News. 2.00 The Commonwealth Games. 4.18 Regional News for England (except 1.00 am). 4.30 Play School (as BBC 2 11.00 am). 4.45 Roobarb. 5.40 Help! 5.10 Go With Noakes. 5.35 Captain Purwash. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Come Back Mrs. Noah. 6.30 The Commonwealth Games. 6.10 Headmaster. 9.00 News. 9.35 The Monday Film: "The Man Who Haunted Him."

10.55 The Other World of Jacques Cousteau. 11.55 Weather/Regional News. 12.10 Regions as BBC-1 except at the following times: Wales—1.30 pm Fill. Pala. 5.55 Wales Today. 6.20 Twinkl. 9.35 Breakfast 7.30 (first day's report from Cardiff). 9.55 Great Britain. 12.15 News. 1.30 News. 1.45 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News. 3.45 News. 4.00 News. 4.15 News. 4.30 News. 4.45 News. 4.55 News. 5.00 News. 5.15 News. 5.30 News. 5.45 News. 5.55 News. 6.00 News. 6.15 News. 6.30 News. 6.45 News. 6.55 News. 7.00 News. 7.15 News. 7.30 News. 7.45 News. 7.55 News. 8.00 News. 8.15 News. 8.30 News. 8.45 News. 8.55 News. 9.00 News. 9.15 News. 9.30 News. 9.45 News. 9.55 News. 10.00 News. 10.15 News. 10.30 News. 10.45 News. 10.55 News. 11.00 News. 11.15 News. 11.30 News. 11.45 News. 11.55 News. 12.00 News. 12.15 News. 12.30 News. 12.45 News. 12.55 News. 1.00 News. 1.15 News. 1.30 News. 1.45 News. 1.55 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 2.55 News. 3.00 News. 3.15 News. 3.30 News. 3.45 News. 3.55 News. 4.00 News. 4.15 News. 4.30 News. 4.45 News. 4.55 News. 5.00 News. 5.15 News. 5.30 News. 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Middle East
danger signs

PROSPECTS FOR progress last Sunday's tough statement towards a Middle East peace by President Sadat refusing settlement are looking more further contacts until Israel sombre than at any time since promises to return all occupied territories to the Arab territories.

With so much at stake, it is perhaps hardly surprising that both sides should take time to manoeuvre to obtain the most advantageous negotiating position. Congressmen and officials in Washington are reported to be concerned that Saudi Arabia has put pressure on President Sadat to stiffen his stand. One theory is that the Saudis now believe his initiative to have failed and are now hoping to organise a new, united front to move southwards to police the sensitive area just north of Israel's border. And for anyone who might have forgotten the violence of the passions that the Palestinian issue arouses, the latest wave of Arab violence in London, Paris and Pakistan should have served as a sharp reminder.

Reprisal

Nerves have been further strained on both sides by Thursday's bomb attack on a Tel Aviv street market and the immediate Israeli retaliatory air attack on a Palestinian camp in the Lebanon. The Israelis added further weight to the action by going out of their way to stress, at the highest political level, that it was a deliberate reprisal. By the end of the week, even the most dovish of Israelis seemed to be beginning to despair in their search for new moves towards peace. Only one-fifth of the population felt confident enough to tell a public opinion poll that they did not expect another Middle East war in the foreseeable future.

It is against this ominous background that Mr. Cyrus Vance, the U.S. Secretary of State, is again shuttling between Israel and Egypt in the hope of bringing the two countries to the negotiating table. Mr. Vance has already made it clear that he does not believe his trip will lead to dramatic progress, while at the same time acknowledging that negotiations have reached a critical point. Until just over a week ago, Mr. Vance had been relatively optimistic that he might be able to get the two sides together following the apparent agreement to keep talking at the U.S.-sponsored Leeds Castle meeting in July. Those hopes were torpedoed by

Back bench
reform

"THE HOUSE OF Commons sits more often, and longer and later than any other Western democratic legislature." And, as the Select Committee on Procedure might have added, there are few, if any, compensating benefits either in the way of greater scrutiny, greater efficiency or greater effectiveness.

The essence of the Committee's Report, published last week, is that the balance of advantage between Parliament and Government in the day to day workings of the Constitution is now weighted in favour of the Government to an extent that raises serious questions about the working of Parliamentary democracy. Even where backbenchers have been given some power, such as through Select Committees, the system is unplanned and unstructured. The Committees may have been given responsibility to investigate and debate certain matters, but they lack the means adequately to do so and they cannot be sure that their conclusions will be properly considered by the House itself.

Random

One need not accept all the Report's detailed recommendations to acknowledge that the back benches have a case. Too many Select Committee reports have disappeared without government comment, let alone without debate, for there to be any justification for the present system. Indeed some Committees have disappeared altogether merely because they were unable to establish a *modus vivendi* with the relevant government department: agriculture is a conspicuous example. And, of course, it is exceedingly difficult for any committee to do specialised work without being able to call in specialist outside advisers and without assured access to those Ministers and senior civil servants whose policies are supposed to be under scrutiny. In any other comparable country all that would go without saying. Yet in Britain the system that has developed is not so much *ad hoc* as purely random.

The reforms recommended by the Select Committee on

No help

Nevertheless, the Report is broadly on the right lines: back benches have too little power and proper Parliamentary scrutiny of the executive is not being exercised. Two points, however, stand out. The House of Commons is not going to be reformed from the outside; it can only reform itself. And on present evidence back benches can expect very little help from either of the two front benches. It is a battle that will have to be fought in the next

Tory strategy for putting
the economy to rights

By PETER RIDDELL, Economics Correspondent



Sir Geoffrey Howe, QC, the shadow chancellor, might prefer to pass over the Barber years. Mr. Anthony (now Lord) Barber was chancellor from 1970 to 1974.



The transition could be more difficult in the public mind where central government has to be more specific in its limits to be consistent with its monetary objectives. The Tories' emphasis is again in moving detailed wage bargaining away from Whitehall. It is pointed out that the cash limit does not solely affect pay rates, and it is up to unions and local employers to bargain about the number of jobs within a total payroll. The Conservatives also favour a more general use of cash limits in screwing down public spending as a whole rather than producing tighter financial management.

The use of the cash limit, ceilings effectively as a pay policy has been a controversial issue ever since their introduction two years ago, and it requires much greater flexibility over manning scales than the public sector unions have shown so far. Within the central government sector, there are perennial problems of comparability which probably require a greater co-ordination of the activities of the various review bodies.

The Conservative Party encompasses greater and lesser enthusiasts on pay policy; though, ironically, greater divisions within the party could occur on the, so far less discussed, issue of the Franco-German plan for EEC currency stabilisation. This review body of the old families of Common Market arguments as the members in the Commons after the Bremen meeting of EEC heads of government showed. The official line is cautious; the Tory leaders suspect that the Government should emerge from discussions between all sides, possibly at the National Economic Development Council. The emphasis is very much on public education and making unions aware of the implications both for pay and employment of stated monetary and inflation targets.

Pay policy
mentality

In a recent Commons speech, Sir Geoffrey Howe stressed the extent of the common ground between the two main parties on the objective of moving towards "responsible" or "normal" collective bargaining. Yet as the Government's experience has shown in the last 12 months, a single figure is almost bound to turn into a minimum norm for everyone with no escape from wage distortions and compression of differentials. Doubts about whether it will ever be possible to evolve a common understanding on a range of increases, rather than a norm, cannot easily be dismissed, especially as the incomes policy mentality has become so ingrained, not least among senior Whitehall officials.

THE Conservative Party created by North Sea oil will aspire to introduce a "break for freedom" in economic policy. Yet if returned to power this autumn—and the odds are still short either way—the Tories would face tight limits on their freedom of manoeuvre as a result of the current state of the economy and the likely prospects, let alone any political constraints. This is recognised by the Shadow Treasury team, headed by Sir Geoffrey Howe, QC, and a lot of work has already been undertaken on translating the long-term commitments into proposals for implementation.

The theme of the Conservative approach was clearly established in a major policy document last autumn (*The Right Approach to the Economy*) and in numerous speeches since then. The inspiration is drawn from a generation ago: the scrapping of regulations and the tax cuts of Lord Butler's period as Chancellor of the Exchequer in 1951-55. The Barber years of 1970-74 are now conveniently passed over, apart from his major changes in the tax structure.

The main change in approach since the Barber period is a rejection of the old-style of demand management in which public spending and taxes were used to fine-tune the economy. The Tories do not believe it is possible for the Government to engineer an acceleration in the economic growth rate. They point out, in illustration, that the public spending cuts of 1976 did not lead to a dramatic catastrophe but helped confidence by showing that expenditure and borrowing were under control.

Instead, the Tories propose a double-pronged approach—a stabilisation programme of monetary and public borrowing policy to create the right demand framework and what is called an "enterprise package" of deregulation and tax cuts to ease structural changes on the supply side. This in turn has resulted in a list of specific proposals—a reduction in the rate of monetary growth; a shift from direct to indirect taxation; and a lower overall tax burden; and cuts in public expenditure and in Labour's plans for the next few years; and reviews of planning and price control legislation.

Few of the specific suggestions are novel but implementing them would involve a major shift in the direction of economic policy. This runs into the immediate constraint that a Tory election victory in the autumn would come after, not before, a period when the economic situation has given the Government some scope for flexibility and allowed discretionary changes in fiscal policy. The growth of demand and activity are likely to be slowing down towards the end of this year and much of the external margin on the current account of the balance of payments

hope of quick results. It would also take time to reduce money spent on industrial aid schemes, employment subsidies and the National Enterprise Board.

It is, nonetheless, argued that a start can be made on cuts in these areas in the financial year starting next April, while a useful contribution could come, for example, from cuts in transport subsidies. Financial transfers might also be reduced again. Although it is recognised that these purely financial transfers may not be the main problem, the Tories do not believe that a useful contribution could come, for example, from cuts in transport subsidies.

There is some imprecision about the exact spending target. Sir Geoffrey Howe has talked in the past about reining expenditure back to the level of 1977-78—about £4bn less in volume terms than is planned for the current financial year and just over £5bn less than projected for 1979-80. There have also been references to a reduction in the share of public spending in Gross Domestic Product, which could imply smaller cuts if the economy was expanding. But all this is likely to be for later years as changes there would take some time to show through because they might involve legislative action, and the record of the Housing Finance Act in the early 1970s hardly offers much

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Options on
cuts

The Tories have worked on a series of options on public spending, though they do not have a detailed shopping list of cuts. So it should be possible to compare their thoughts fairly quickly with the usual contingency planning inside the Treasury. One problem is that much of the obvious fat on the expenditure side went during the three packages of cuts in 1976. For example, the Regional Employment Premium has been phased out, capital spending has already been relatively reduced and financial transfers, such as export reinsurance subsidies, have been pruned.

The Conservatives have particularly stressed their intention of re-examining the £3bn trade, industry and employment budget and the £4bn spent on housing. But any major changes there would take some time to show through because they might involve legislative action, and the record of the Housing Finance Act in the early 1970s hardly offers much

MEN AND MATTERS

Polish questions
for churchmen

Reading, in Berkshire, has a 1,200-strong Polish community, whose nucleus is made up of veterans who fought with General Anders in the Eighth Army. Just now they have a fresh fight on their hands—with the Church Commissioners. The Poles were last week told that their offers to buy a redundant Anglican church, St. John's, the Evangelist, have been turned down; after a final service next Sunday, demolition men will move into the church, whose 150 ft spire is a Reading landmark.

The Poles argue that the Church Commissioners will lose money by razing the church, because the demolition cost will be greater than the site value. In contrast, they are willing to pay £15,000 for St. John's to use it for their traditional Catholic services in Polish. But the local Anglican vicar, John McKechnie, wants it destroyed



"He's another Kreshnoi—thinks the opposition is trying to hypnotise him."

So that his parishioners will not look at it nostalgically when lighting grows in liquor smuggling. Police acting on a tip-off recently watched three men bringing more than 700 bottles of beer in a small boat from the San Juan Islands, which are U.S. territory, to Vancouver Island. After the beer had been landed, the police moved in and confiscated it. The haul was later destroyed, so it is said.

Liquor smuggling echoes the prohibition era of the Twenties and Thirties. Then the drink went in the opposite direction and was a major industry for the Canadian East Coast. On present performance, the 1978 smugglers have a lot to learn.

The Polish community's negotiator with the Church Commissioners, a baker called Janusz Finch (he says his actual name, Sczygowski, was hard for his customers). "We were told that our offer was rejected due to 'far-reaching pastoral implications'," he says. "It was a blow—after 35 years we thought we could have had our own church at last. As an ethnic minority we don't want to cause any trouble—England is our home now. But we shall fight until the bricks start falling off the spire."

Beer bungle

Even the Commonwealth Games across the Rockies in Edmonton cannot make British Columbians forget their basic trouble—beer, or rather, the lack of it. Ever since mid-May the local brewery workers have been on strike and there is scant prospect that they will go back until after Canadian Labour Day, September 4. In this summer weather, breweries over the border in Seattle have not been able to pour out enough extra booze to slake British Columbian thirst. Supplies from the U.S. have been rationed.

Shooting chefs

Die-hards on the grouse moors will have to brace up to some odd happenings on Saturday, the Glorious Twelfth. Four chefs will be out with the experts, trying their luck with the guns. They will not, it seems, go to the extent of wearing their white hats while taking aim; but given the fact that they come from four nationalities—Irish, English, French and Scottish—and none knows anything of shooting it sounds rather a recipe for disaster. The organisers of the shoot have everyone well covered with first and third party insurance.

The chefs will go out in the misty morning near Killin, in Perthshire. It will be a long journey, for such a speculative venture, for the two from London—Chef Conboy of the Athenaeum Club and Chef Turner from the Capital Hotel in Knightsbridge. But it will be a fairly painless exercise (accidents apart) for Chef Cottet of the Gleneagles Hotel and Chef Cameron of the Malmesbury in Glasgow. The Gleneagles will be the base for operations and will have what is politely termed "a back-up number of grouse" for the visitors to take back to their

Rough justice

Defying the police by going on a two-day hunger strike is the vogue in industrial disputes in Pakistan these days, but two men who tried it outside a sugar mill this week got more than they bargained for. As a warning to others, police suspended them upside down by their ankles near the factory gates before taking them into custody.

In martial-law Pakistan, this would not have become known but for a paper which supports the condemned former Prime Minister, Zulfikar Ali Bhutto. It printed a rather blurred picture to commemorate the event, and an information official in Lahore confirmed it.

He said eight hunger strikers had been arrested so far, but justified the action by adding that the crowd had been spitting at the police. Another series of hunger strikes, going on for two weeks at the time of Press Club. No reporter has been suspended by his type-cameras yet, but police have been raiding the premises nightly and so far have over 40 in the bag.

Observer

6½ per cent Convertible Debentures
due 1988PIONEER ELECTRONIC CORPORATION
Tokyo, Japan

The undersigned herewith announces that notice has been received from Pioneer Electronic Corporation, by letter dated 24th July, 1978, that it will redeem by prepayment on 20th September, 1978 all of the 6½ per cent Convertible Debentures due 1988 outstanding on that date.

Pursuant to the provisions of article 3 of the Trust Deed dated 20th March, 1974 the Debentures will be redeemed at 104 per cent of the principal amount together with the accrued interest from 1st October, 1977 to and inclusive 19th September, 1978 and will cease to bear interest from 20th September, 1978.

Payment of interest and premium and repayment of the principal amount of the Debentures will be made in accordance with the provisions of article 2 of the Trust Deed at:

Pierson, Haldridge & Pierson N.V. in Amsterdam as Paying Agent, and
The Bank of Tokyo Ltd. in Brussels, Paris, London and Düsseldorf, and
The Bank of Tokyo Trust Company in New York City as Sub-Paying Agents

against surrender of the Debentures with all unattached coupons attached.

Pursuant to the provisions of article 4 of the Trust Deed Debentures called for redemption may be converted into shares of Common Stock of Pioneer Electronic Corporation up to and including, but not after the close of business on, the date set for redemption. Surrender of Debentures for the purpose of conversion shall be made at the Paying Agent or any of the Sub-Paying Agents.

No Debentures will be accepted for conversion if presented for that purpose after the close of business on 20th September, 1978.

The current conversion price is yen 780. The closing price of the shares of Common Stock of Pioneer Electronic Corporation on 24th July, 1978 was yen 1758 and the high and low closing prices in 1978 through 24th July were yen 1940 and yen 1210 respectively.

Amsterdam, 7th August, 1978
N.Z. Voorburg 326-328

The Trustees
Amsterdamsche Trustee's Kantoor B.V.

More trouble looms for Chrysler UK

BY RAY PERMAN in Linwood and ARTHUR SMITH in Coventry

LINWOOD, Chrysler UK's troublesome Scottish car plant, returns to work today with one small problem solved and a much larger one looming. The 550 paint-shop workers have called off the strike which halted production and have reluctantly accepted a compromise on the breaks they are allowed to take in hot conditions. But the dispute has ended in an atmosphere of bitterness and mistrust that promises very badly for the future.

The Linwood factories, a few miles to the west of Glasgow, employ 9,500 people, including 8,000 manual workers. They are vital to the survival of many of the small towns along the Clyde and during the past few years have been practically the only place where semi-skilled and unskilled jobs have been readily available in west-central Scotland. Their importance was recognised in the 1975 rescue of the company when the then Secretary of State for Scotland, Mr. Willie Ross, hammered the Cabinet table and threatened to resign if Linwood was not saved. There was a widespread feeling that the survival of the Labour Party in Scotland also depended on the rescue.

But the political and economic situation has changed and it is now clear to management, unions and the Government that no second rescue of Linwood is practicable nor does it seem any longer a political imperative. The plant must provide its own salvation. The finance made available three years ago was intended to last until the end of 1979, and by that time Linwood must not only have proved that it can pay its own way, but also have generated sufficient funds to introduce a new model to replace the eight-year-old Avenger. The plant's performance so far does not encourage optimism.

Chrysler blamed its Scottish plant for most of the £21.5m loss in 1977, but at the beginning of this year things seemed brighter. Following the launch of the Sunbeam small car, which is the second string to Linwood's bow, productivity was said to be rising. In a fit of euphoria, Mr. Stan Deason, the Linwood managing director, wrote in the company newspaper in April: "I feel like a football manager whose team has been promoted to the premier division."

Relegation, however, was just around the corner. Productivity—which had risen from 45 per cent of targets during last year to 89 per cent in March—fell to 85 per cent in April, 85 per cent in May and during the first two weeks of June was down to 68 per cent. Before the 12-day paint-shop dispute and the three-week annual holiday, production was averaging only 75 per cent of targets. Only on one day has Linwood ever managed more than 90 per cent.

Theoretically, the production line can produce 3,108 cars a week, but this figure is discounted to allow for technical problems and unavoidable stoppages, to give a figure of 2,880, which is the 100 per cent target. The management has told unions in the plant that it must make (and presumably sell) 2,400 cars a week merely to break even. Anything over that is money in the bank to pay for the Avenger replacement. Lately, Linwood has been producing little over 2,100.

Production of 2,400 cars a week adds up to an output and sales target of more than 60,000 in six months. But sales of Sunbeams in the first half of the year were only 15,657 and of Avengers only slightly more:

17,974. The European launch of the Sunbeam is not yet complete and it is likely that Linwood will concentrate on Sunbeam production in the next few months as the campaign behind the new model builds up. But there is a lot of lost ground to be regained.

In an agreement last October, the local management and unions identified 11 areas of industrial relations that needed to be tackled urgently if productivity were to be raised. They included lateness and absenteeism, which were largely the cause of the slump in production at the beginning of the summer, and the hot and cold weather agreements. It was the management attempt to renegotiate these last procedures that led to the paint shop stoppage.

Flexibility

During the negotiations the company told the unions and the Government that there were a number of other problems it wanted to tackle after the paint shop issue was settled. It has yet to say what they are, but it would be surprising if most of the items on the October list were not among them. These also included labour flexibility between grades, shifts, departments; the ending of restrictive practices; an end to unofficial stoppages; an end to alleged safety problems including delays in resuming production after accidents and refusal to accept the professional opinion of the maintenance and safety department; no more "blacklisting"; no more overtime restrictions; changes in working schedules; and the agreement of rules to identify issues that fell outside established dispute procedures.

The legacy of the paint shop dispute makes an easy achievement.

while looking for more interesting jobs elsewhere. Plant loyalty is hardly likely to be strong among this type of employee.

"Another stoppage of this nature, even over a short period of time would obviously be disastrous for this factory," Mr. Jimmy Livingstone, the TGWU convenor, said after the paint shop vote. "We can't go on producing at only 80 per cent of the target figures, we recognise that. But this dispute could have been settled by negotiation. If the management go about any future negotiations in the ham-fisted way they did in the paint shop issue, then we are in for trouble. Industrial relations in this plant have got to be sorted out."

Industrial relations at Coventry, the very heart of the Chrysler UK operation, also appear to have turned sour. "Had the company wanted to recreate the sort of crisis atmosphere among the work force that preceded its financial collapse in 1975 they could not have made a better job of it," says Mr. Bill Lapworth, a senior Midlands official of the TGWU based at Coventry.

Morale is low and rumours about the company's plans for the UK. Mr. Lapworth places responsibility firmly upon management and maintains that the fund of good will that the state-supported company could command has been "frittered away, particularly in recent weeks."

Indeed, the change of mood at the Stoke engine factory and the Byton assembly plant is noticeable. The strike by toolmakers at these two plants which crippled production before the summer break has reawakened memories of the sectional pay disputes that contributed to the company's earlier problems.

The walk-out by toolmakers, who were demanding improved differentials, has revived all the old arguments about relative pay. Any action to remedy the grievance of this group of 250 skilled men could provoke a series of counter-claims that might prove uncontrollable. The toolmakers are back at work but have set the end of this month as the deadline for negotiations of a self-financing productivity deal. "We are undoubtedly walking a tightrope," says Mr. Phil Povey, regional officer of the Amalgamated Union of Engineering Workers. "We are confronted by sectional problems to which we have no long-term solution."

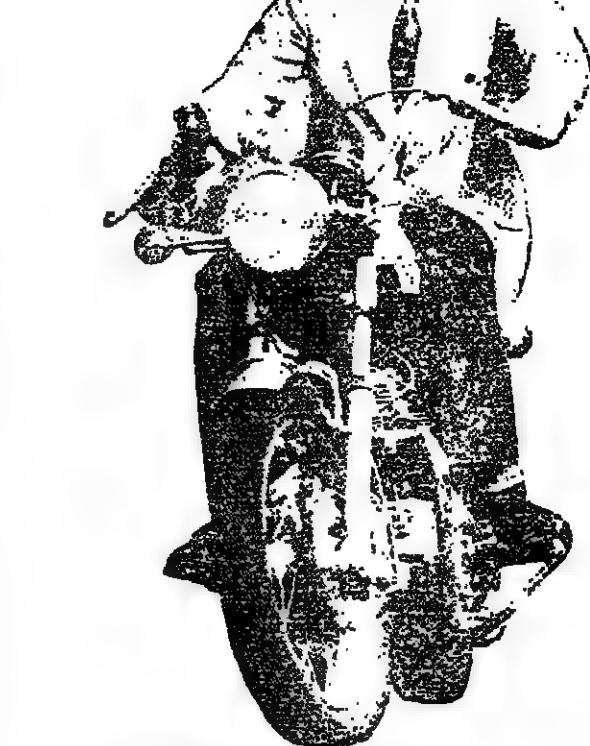
Management argues that within the constraints of the Government's imposed incomes policy it is powerless to respond to the pressures. As one of the conditions of the state rescue negotiated in 1975, the company must stick firmly to the letter of pay policy. Such restrictions, according to the Chrysler men, mean that in the earnings league for toolmakers in the Coventry district they have slipped from third to 26th in recent years.

The formula which settled the toolmakers' strike was a return to work pending discussions on a self-financing productivity deal—a solution which could raise more problems than it solves. According to Chrysler shop stewards, the formula itself has already prompted up to 34 counter pay claims from various groups of workers. Most stewards are awaiting the outcome of the toolmakers' negotiations before they complete details of their demands.

The situation is complicated by the fact that Chrysler introduced a self-financing incentive scheme earlier this year on a company-wide basis, refusing to negotiate separate deals with particular plants. The 1,500-strong work force at Byton, which rejected the deal, has

already informed the company rights as the way to enhanced differentials. The men were persuaded to return with the promise of a union committee of inquiry into their grievance, but there is no way that their demand can be met without threatening to shatter the present joint shop stewards negotiating committee into a number of competing factions.

The company, in a move to head off similar sectional claims in 1974, called a meeting of all the senior Stoke stewards who agreed upon a simple differential of £1 a week on the basic weekly wage between skilled and unskilled workers. That agreement still stands, but would obviously be overturned should any concessions be made to the toolmakers.



Mr. Bill Lapworth, TGWU official in Coventry: "The fund of good will Chrysler could command has been frittered away."

Letters to the Editor

Post Office profits

From the Board Member for Finance and Corporate Planning

Sir—There have been a number of articles and letters in the Press, including the Financial Times, over the last two weeks or so about inflation accounting in the public sector. Not least was the last column of July 31 entitled "The state industry accounts muddle", which criticised the nationalised industries and their external auditors alike.

Three points received particular attention in your report: current cost depreciation; the so-called "gearing adjustment" suggested in the Hyde guidelines; and the implication that some nationalised industries have been over-pricing their services through the selective application of inflation accounting principles. I should like to comment on each of these points as they affect the Post Office.

So far as current cost depreciation is concerned, the Post Office has been charging supplementary depreciation based on the estimated replacement cost of its assets for over 30 years. There is nothing arbitrary or inconsistent in the way in which the depreciation charges are calculated, and one year's accounts can fairly be compared with the next. So far as comparison with other industries is concerned, the Post Office can justifiably argue that, since it blazed the trail of inflation accounting decades before most other industries in this country, it is those industries that are the unreasonable ones for it to stick to its accounting principles until the rest of the industrial world has either caught up or at least decided what to do instead.

The Post Office has included a "gearing adjustment" in its recently published accounts, not to disguise its profits, but simply because it believes that such an adjustment is misleading and irrelevant for a nationalised industry. As your correspondent Anthony Hilton quite rightly wrote on July 28, the prime purpose of the gearing adjustment is to indicate how, with inflation, equity shareholders benefit at the expense of debtors. But, when the "equity" shareholder and the principal banker are one and the same (the state), the gearing adjustment is more likely to mislead than to inform. This is the case for the Post Office.

One major reason is the way in which the financial target for telecommunications, the largest Post Office business, is set. The target is to make a return of 6 per cent a year on mean net assets revalued to replacement cost. The return which is on a par with expected performance in the private sector, is calculated after charging supplementary depreciation, but before charging interest. It therefore concentrates the attention of management upon stewardship of the assets, independently of the way in which those assets are financed. A "gearing adjustment" which confuses the return on assets—the profit and loss account aspect—with the method of financing them—the balance sheet aspect—would, in the Post Office view, serve only to confuse the readers of its accounts.

It follows that, because the financial target is expressed in this eminently sensible way, the "gearing adjustment" or lack of it has no effect on the prices charged to our customers. Its relevance is only of presentation circumstances and is not meaningful in relation to the Post Office.

F. H. Waterhouse,
Press Office,
23, Houlston Street, W1.

Public sector accounting

From the Member for Finance, British Gas Corporation

Sir—It is clear we shall not convince Mr. Fenn (August 4) of the soundness of our accounting. However, it perhaps only emphasises the strength of our belief in the policies we have adopted that we can resist his really determined efforts to credit us with such a staggering profit performance.

One thing we can get straight. The 10.9p per therm is a new price, and the rise of 70 per cent in the price per therm over the ten-year period compared with the 180 per cent increase in the Retail Price Index is correct.

As regards the point made by Mr. Cripps (also August 4) there is no doubt that realistic accounting presents problems, but without it the actions necessary to combat inflation and to maintain and improve real profitability will be in jeopardy.

W. G. Jewers,
British Gas Corporation,
326, High Holborn, W.C1.

Chemicals in Italy

From Mr. C. Reinhard

Sir—The Italian chemical industry crisis has come later than many had expected, but it has arrived at last as your correspondent in Rome, Paul Betts rightly points out in his article of August 2.

For two decades, many in the chemical industry have wondered how long it would be before large-scale financing of the Italian chemical industry from public funds would have to stop for the sheer enormity of it.

Meanwhile the rest of the European (i.e. including UK) chemical industry has suffered badly under the unfair competition against what amounted to a state-funded Italian industry.

How much this has contributed to the current precarious state of the European chemical industry, is difficult to assess, but one lesson is clear: if the state starts to interfere with industry, the consequences—albeit not felt for some time—are intensely unfavourable in the end.

Happiness depends on freedom. Freedom depends on courage to defend that freedom.

C. Reinhard,
Industrial Planning,
118, Newport Street, EC1.

Building jobs register

From the Chief Executive, Federation of Master Builders

Sir—With reference to the article (August 2) by Michael Cassell, headlined "Voluntary building jobs register agreed by Whitehall" in which Mr. Fresson is reported as having said that general agreement has been reached by employers' associations on a voluntary system of three employers' registers to help stabilise employment in the construction industry, I would point out that the Federation of Master Builders is opposed to a three register system controlled by joint industrial councils.

As the largest employers' association in the building industry, with a membership in excess of 20,000, the FMB favours a single national voluntary register: this can be run by industrial councils untroubled by such a task, but by an independent registration and arbitration board in

Ownership of shares

From Mr. M. Gibbs

Sir—In the debate on the Dividend Bill on July 27 Mr. Joel Barnett said that "half of all dividend payments go directly to individual shareholders." He quoted the report of the Diamond Commission as the source of this statistic.

The Commission's second report (page 18) shows a figure of 80 per cent for the holdings of individual shareholders in listed companies. It should be noted, first, that this figure related to 1973, and, secondly, that it represented the direct and indirect holdings of individual shareholders, including shares held via companies and investment trusts.

Page 17 of the report gives the direct holdings of the principal types of shareholder. Individuals are shown as holding 42.0 per cent of UK listed equities at December 31, 1973. More recent surveys show that the proportion has fallen substantially since

then. A Department of Industry survey gave a figure of 37.5 per cent as at December 31, 1978. Estimates published in the July 1978 issue of my own firm's Market Review indicated that it had fallen to 32 per cent by the end of 1977. The change in the pattern of share ownership revealed by these surveys is summarised in the table below.

December 31 1972 1973 1977 1978

Source Diamond DoI DoI DoI

Insurance companies and pension funds 26.4 22.7 26.0 26.0

Investment trusts 10.0 10.0 10.0 10.0

And unit trusts 9.9 10.2 10.0 10.0

Total institutions 46.3 42.9 46.0 46.0

Other individuals 53.7 57.1 54.0 54.0

Others 19.7 19.8 20.0 20.0

Total 100.0 100.0 100.0 100.0

* Charities, companies, government and overseas.

Since 1963, the proportion of listed companies' shares held directly by persons has fallen at an average of 2 per cent a year and institutional holdings have risen at a similar rate. It appears that this trend has, if anything, accelerated in recent years.

It is vitally important that any future discussion about dividend controls should be based on the latest information and it is a pity that, on this occasion, the figures given to Mr. Barnett do not appear to have been the best available.

Martin Gibbs,
Phillips and Drew,
Lee House, London Wall, EC2.

Printed circuit boards

From M. K. Sweeney

Sir—It is a popular misconception that when consultants write a report they merely represent their own views; they in fact wholly plan and ideas into report on printed circuits in the UK (July 24, 31, and August 3) we report the attitudes and perceptions of the Printed Circuit Board (PCB) industry's own customers. We interviewed some 1,200 PCB users and of those who purchased PCBs as a separate component (some 750 companies), about 40 per cent were not satisfied with the quality of UK PCBs, 12 per cent were not satisfied with delivery (in a period when there is much over-capacity in the industry), about 30 per cent were not satisfied with price; 48 per cent stated that they intended to purchase PCBs abroad. Further, 60 per cent attributed the loss of market share by the UK PCB manufacturers to deficient quality, price and delivery.

PCB producers do not realise that they now compete in a European, if not world, market. Indeed, if one turns to the inside front cover of the industry's own paper, Circuit World (current issue), one will notice that two major UK electronics companies (Lucas and Racal) are endorsing Swedish PCBs. In a European context the structure of the UK PCB industry is simply not viable; the major PCB companies are lucky to make a few per cent pre-tax profit on turnover; their capital investment (if any) is not supported from their own revenue, but usually from the magnanimity of the groups which own them; very few of the hundreds of UK PCB producers have BS9000 quality approval, still fewer have DIN (West Germany) or UL (U.S.) or a French Process Verbal—how then can they hope to compete in Europe or North America?

The major PCB companies in the UK are owned, or will soon be snapped up, by large electronics groups wishing to protect their source of supply. Considered a possible scenario a few years hence. Given that the Government's initiative on semiconductor is successful and soon Immos (and others) will be producing many worthy micro-electronics, this will help to generate an abundance of new ideas and new products from the vast pool of electronics entrepreneurs which we undoubtedly have in the country.

When, however, the time comes for these small embryonic, risk-prone companies to translate their plans and ideas into hardware, when the time comes to mount those innumerable processors on to PCBs, to have those PCBs designed, prototyped and manufactured to European levels and quality standards; some 1,200 PCB users and of those who purchased PCBs as a separate component (some 750 companies), about 40 per cent were not satisfied with the quality of UK PCBs, 12 per cent were not satisfied with delivery (in a period when there is much over-capacity in the industry), about 30 per cent were not satisfied with price; 48 per cent stated that they intended to purchase PCBs abroad. Further, 60 per cent attributed the loss of market share by the UK PCB manufacturers to deficient quality, price and delivery.

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Today's Events

Wholesale price index (July, provisional).

The Queen returns from Canada and joins the Royal yacht Britannia at Greenock to cruise in the Western Isles.

Mr. Edmund Dell, Trade Secretary, in China for talks on expanding trade and industry links.

Talks resume on industrial civil servants' pay claim.

Jamaica Independence Day.

Small Business Bureau launches taxpayers' rights charter.

Royal National Eisteddfod of Wales opens, Cardiff (until August 12).

Official statistics: Housing starts and completions.

GENERAL

House renovations completed and slum clearance (2nd quarter). Retail sales (June, final).

Hire purchase and other instalment credit business (June).

COMPANY RESULTS

Chiffo and Snell (full year). Commercial Union Assurance (half-year). Hambro Trust (full year). Owen and Robinson (full year). Wagon Industrial Holdings (full year).

COMPANY MEETINGS

See Week's Financial Diary on page 14.

EXHIBITIONS

Royal Academy summer.

Today's Events

Exhibition of 17th century Dutch paintings, National Gallery, Trafalgar Square, WC2 (until September 17).

Joshua Wedgwood exhibition, Science Museum, South Kensington, SW7 (until September 24).

HERALDRY IN BRITAIN from its 12th century origins, British Museum, WC1 (until August 27).

Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 28).

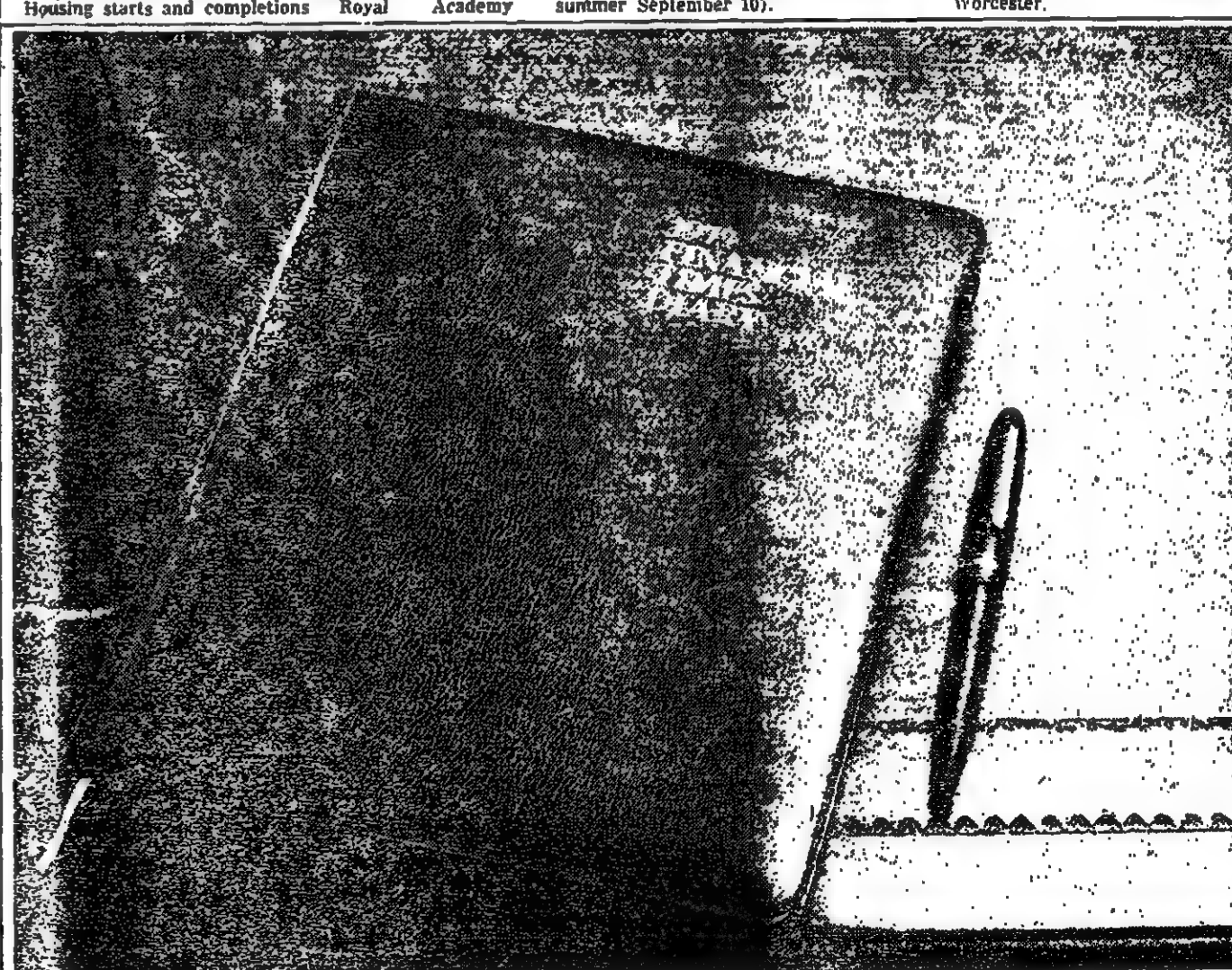
George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 3).

BALLET

Gala Season, with stars of world ballet, opens at Royal Festival Hall, SE1, 7.30 pm.

SPORT

Crickets: Lancashire v New Zealand, Old Trafford; Under-19 Test, England v West Indies, Worcester.



Next year's current asset.

With no disrespect to the 1978 Financial Times diary, the 1979 Financial Times diary is rather superior.

The inside pages have been completely redesigned by James Shurmer, who has produced work for the National Gallery.

The comprehensive business information section is now even more comprehensive.

As is the French and German business vocabulary. We've incorporated a detachable address booklet, to save people having to copy out hundreds of addresses and telephone numbers at the end of each year.

There's also an entire section devoted to world travel, complemented by a 48-page colour atlas.

In addition to the desk diary, there's a slim pocket diary and wallet, and an address book.

Which all means that without the FT Diary, 1979 could turn out to be quite a liability.

The person to contact is Geoffrey Phillips, The Diary

Manager, Business Publishing Division, Financial Times Limited, Minster House, Arthur Street, London EC4R 9AX. Telephone: 01-625 1211.

To: Geoffrey Phillips, The Diary Manager, Business Publishing Division, Financial Times Limited, Minster House, Arthur St, London EC4R 9AX. Tel: 01-625 1211. Please send me your brochure and order form.

NAME
POSITION
COMPANY
ADDRESS

TELEPHONE DATE
FINANCIAL TIMES DIARY

DIARY

Senior executive post on TSB Central Board

Senator Reginald R. Jenne, the hire and sales division with chairman of the Trustees Savings Bank of the Channel Islands, has been appointed a deputy chairman of the TSB CENTRAL BOARD in succession to Mr. P. F. Keene. Senator Jenne has a long association with the TSBs, going back to 1965 when he was first appointed to the Board of the then Jersey Savings Bank. He is also the chairman of TSB Unit Trust Managers (Channel Islands), deputy chairman of TSB Trust Company, and a member of the EBC Savings Bank Council.

Mr. Bruce Patterson has been made financial director of TRICENTROL OIL CORPORATION. He joins Tricentrol from the Royal Dutch/Shell Group of Companies where he held various overseas appointments. Since 1974 Mr. Patterson has been head of the treasury general-in-charge of international petroleum in London. Tricentrol is a British international resource exploration and production company.

Mr. Edward Ross has been appointed deputy managing director of STEPHENS AND CARTER. Mr. Ross, who joined the company six years ago, will retain his special responsibilities for overseas companies for the next year.

Coal stocks 'undermine case for open cast works'

MOUNTING STOCKPILES of Whittonhall, Northumberland, coking coal mean that the National Coal Board should think its policy for exploiting open cast reserves. The Council for the Preservation of Rural England said in a letter to Mr. Anthony Wedgwood Benn, Energy Secretary. The council's call has been that with particular reference to the Coal Board's move to concentrate open cast mining operations it was for coking coal that the on 570 acres of farmland at site was needed.

ANGLO-AMERICAN SECURITIES CORPORATION LIMITED			
Audited Financial Statement for the six months ended 15th July 1978			
(Audited) Year ended 15th January, 1978	Six months ended 15th July, 1978	Six months ended 15th July, 1977	Six months ended 15th July, 1976
3,892,342	2,021,735	2,835,828	2,835,828
653,899	406,640	483,893	483,893
3,238,443	1,615,095	2,351,935	2,351,935
1,292,997	600,471	1,035,236	1,035,236
1,945,446	1,014,624	1,316,699	1,316,699
81,253	40,611	40,611	40,611
1,864,232	974,013	1,276,088	1,276,088
1,692,136	566,533	1,235,477	1,235,477
162,096	407,480	40,611	40,611
5p per share for the year	134p x.d.	127p x.d.	126p x.d.
114p x.d.	134p x.d.	127p x.d.	126p x.d.
114p x.d.	134p x.d.	127p x.d.	126p x.d.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

CENTRAL & SHEERWOOD LIMITED
(Registered in England No. 114948.)
Issue of 1,600,370 10 per cent.
Cumulative Preference Shares of £1 each
The Council of The Stock Exchange has admitted the above Preference Shares to the Official List.
Particulars of the rights attaching to the Preference Shares are available in the External Statistical Service and copies of the statistical card may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 21st August 1978 from:
JOSEPH SEBAG & CO.
Bucklersbury House, 3 Queen Victoria Street
London EC4N 8DX
and Stock Exchange

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CAFFYNS LIMITED
(Incorporated in England under the Companies (Consolidation) Act 1908)
Capitalisation issue of 648,000 10 per cent.
Cumulative Preference Shares of £1 each
The Council of The Stock Exchange has admitted the above mentioned Preference Shares to the Official List. Particulars of the rights attaching to these shares are available in the External Statistical Service and copies may be obtained during normal business hours on any weekday (Saturdays excepted) for the next fourteen days from:
S.G. Warburg & Co. Ltd. or **Phillips & Drew**
30, Gresham Street, or Lee House,
London, EC2P 2EB London, EC2Y 6AP
7th August 1978

FT Monthly Survey of Business Opinion

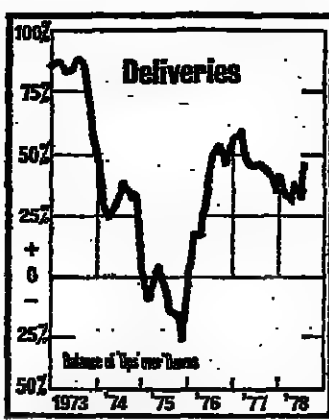
GENERAL OUTLOOK

A little more optimistic

A FURTHER improvement in business confidence emerges from the latest survey, which covered two consumer industrial sectors—food and tobacco, and textiles and clothing—together with building and construction companies.

In building and construction, the improvement reflected the gradually quickening pace of orders and output and hopes of some recovery in profitability.

There are now said to be clearer signs of an upturn in industrial demand for buildings, but public sector work remains constrained and there is some concern about the availability of house-building.



Food and tobacco companies have been benefiting from the upturn in consumer spending. But they have become less sanguine about profit prospects since this sector was last surveyed in March.

Some textile and clothing companies say that orders are now improving. But generally conditions in this sector remain depressed, with capacity surpluses and imports intensifying competition and the outlook for profits still bleak.

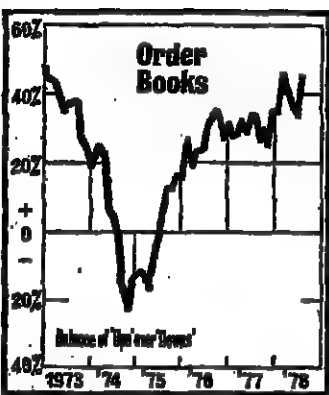
The food/tobacco and textiles/clothing sectors were also less inclined to expect their exports to improve over the next 12 months.

ORDERS AND OUTPUT

Some signs of an upturn

THE LATEST orders and output indicators show that the recovery remains both patchy and moderate. The food and tobacco industries are benefiting from the revival in consumer spending, as one would expect. Deliveries have risen in the last four months and turnover expectations for the coming 12 months have been revised upwards. But they do not expect the levels of sales during the next four months to change by very much.

In the textile and clothing sector, on the other hand, where market conditions have been affected by world-wide capacity surpluses, the situation remains depressing. The trend



of orders appears to have improved in recent months, but the "down" still outweighs the "up" both for orders and current deliveries while the median production increase forecast for the coming 12 months is still little more than zero.

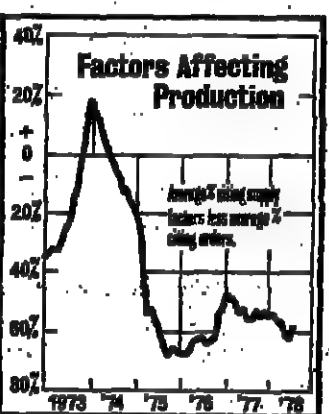
In building and construction, by contrast, the outlook is much more encouraging. Nearly all the firms contacted last month report improving deliveries and, with new orders continuing to pick up, 12-month production forecasts are again being raised.

CAPACITY AND STOCKS

Plenty of room to spare

WITH THE exception of the food and tobacco sectors, the recovery has so far had little effect upon capacity utilisation rates in industry. The indicator for capacity working is based upon target capacity rather than maximum capacity, but even on that basis many firms are working below expected levels, especially in the textiles and clothing sectors.

Another pointer is the extent to which current output is said to be constrained by demand, rather than supply factors. As the chart indicates, there has been little real change for the last three years.



There are some indications of a trend to build stocks in coming months in the replies to the direct question on stock-building intentions as well as to the one on whether stocks are too high or too low in relation to current sales. But the movement is both recent and slight, and it remains to be seen whether it will be sustained.

It is therefore remarkable that, at this stage of the recovery, so many firms should be finding skilled, manual and executive staff of the required experience or calibre so hard to recruit.

CAPACITY WORKING

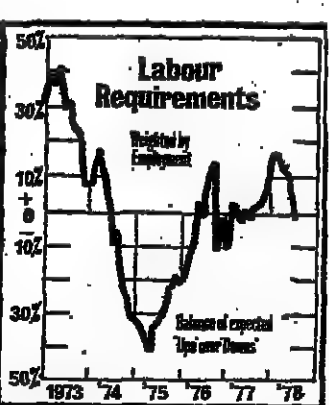
4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
14	10	10	9	14	33	8	8
56	53	54	56	61	51	16	16
29	36	35	34	25	16	76	76
No answer	1	1	1	—	—	—	—

INVESTMENT AND LABOUR

Few prospects for new jobs

THE MODERATE pace of the recovery offers little prospect of an early reduction in the numbers of unemployed. The labour requirements indicator is now zero with two-thirds of all the firms contacted in the last four months expecting their labour force to remain about the same over the next 12 months and those expecting to take on more just about balancing those expecting to need fewer.

Market demand is not the only factor, however. Far more firms are citing plans for rationalisation and improved efficiency, high wage costs, or



recent employment legislation as their reasons for the prospective growth in demand.

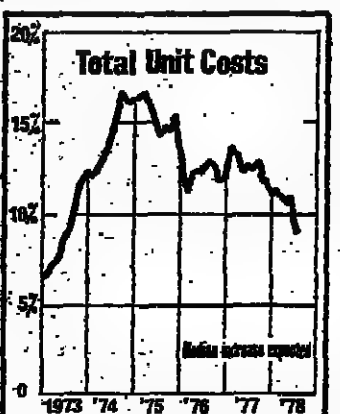
Investment intentions point in a similar direction. The all-industry indicator shows that more than 60 per cent of firms intend to spend more in real terms during the next 12 months. This is a comparatively high proportion and indicates a further increase in industrial investment in 1979, for the third year running.

As for financing, most firms (73 per cent over all sectors) say current liquidity levels are about right.

COSTS AND PROFIT MARGINS

Some flexibility on pay

ALTHOUGH THE Government's latest pay policy guidelines were broadly as expected, last month's survey was completed before the pay policy White Paper was published. It is too

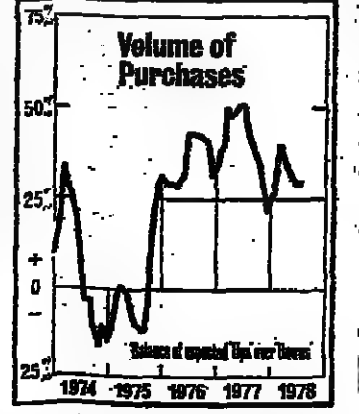


In general, the companies contacted last month said they would continue to abide by the guidelines. But there appeared to be greater determination to keep to the 12-month rule than to be inflexible about the size of settlement. Several companies said that they would like to pay good workers more or that their reaction to claims in excess of 5 per cent would depend upon the attitude shown by other companies in their industry.

Unit cost and output price trends continue to improve, with the median forecast increase for both now standing at 9 per cent. But only the building and construction sector is expecting profitability to improve. Textile and clothing companies were particularly pessimistic about profit trends.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

from a sample based upon the FT Actuaries' Index, which accounts for about 80 per cent of all public companies. The weighting is by market capitalisation, save where alternative



methods of weighting are cited. The all-industry figures are four-monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month). Complete tables can be purchased from Taylor Nelson and Associates.

GENERAL BUSINESS SITUATION

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
44	37	30	37	28	57	9	9
43	43	44	38	72	26	84	84
10	20	26	25	—	—	7	7
3	—	—	—	—	—	17	17

EXPORT PROSPECTS (Weighted by exports)

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
72	76	69	75	60	60	33	33
14	14	14	13	40	—	25	25
14	9	12	9	—	36	42	42
—	1	3	3	—	4	—	—

NEW ORDERS

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
41	44	44	49	51	34	24	24
28	27	32	28	32	41	4	4
13	13	14	11	—	72	—	—
18	16	10	12	17	25	—	—

PRODUCTION/SALES TURNOVER

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
5	1	3	5	—	—	—	—
1	1	1	4	—	25	—	—
16	12	9	12	—	16	7	7
29	24	32	23	69	2	9	9
43	49	45	48	17	49	84	84
1	3	3	3	—	—	—	—
5	6	7	5	14	8	—	—

STOCKS

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
37	34	30	40	40	58	48	48
43	45	47	42	46	10	44	44
13	17	19	16	—	16	—	—
7	4	4	2	14	16	8	8
36	31	28	30	21	49	47	47
40	40	37	38	67	35	45	45
2	10	10	10	—	—	—	—
22	19	25	22	12	16	8	8

FACTORS CURRENTLY AFFECTING PRODUCTION

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
83	86	86	85	78	83	82	82
65	65	66	63	63	41	83	83
28	24	28	29	10	33	7	7
44	42	41	43	38	33	—	—
12	14	19	17	—	—	—	—
5	2	4	4	3	16	—	—
7	3	4	3	—	16	9	9
11	11	11	14	5	26	7	7
—	—	—	—	—	—	—	—
12	4	10	9	21	33	4	4
22	24	30	30	21	18	7	7
1	1	1	4	—	—	7	7

LABOUR REQUIREMENTS (Weighted by employment)

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
62	62	54	55	75	65	36	36
9	8	5	6	8	7	78	78
19	9	11	15	10	3	33	33
16	18	28	24	7	25	3	3
3	3	2	—	—	—	10	10

CAPITAL INVESTMENT (Weighted by capital expenditure)

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
16	24	29	28	9	6	5	5
67	56	52	57	80	70	95	95
17	20	19	15	11	24	—	—

COSTS

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
—	—	—	—	—	—	—	—
13	19	12	9	1	16	9	9
72	64	66	67	71	76	91	91
5	9	12	13	—	—	—	—
—	2	2	2	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
8	6	8	9	28	8	—	—
—	—	—	—	—	—	—	—
8	5	—	1	3	16	—	—
40	41	34	38	36	41	49	49
39	43	52	49	36	18	40	40
2	2	4	5	—	—	—	—
—	4	3	4	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
11	5	6	3	25	25	11	11

PROFIT MARGINS

4 monthly moving total				July 1978			
Apr. %	May %	June %	July %	Jan. %	Feb. %	Mar. %	Apr. %
39	37	32	23	51	25	28	28
27	29	30	41	35	34	—	—
27	28	35	33	14	33	65	65
7	6	3	3	—	8	7	7

OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]

NOTES

* does not include \$ premium, except where indicated & are in pence unless otherwise stated.
† Yields % shown in last column allow for all buying expenses, a selling price of £100 and all expenses. * To-day's prices. † Yield based on other prices if formatted as To-day's price.
‡ Distribution free of UK taxes for a lifetime permanent increase plus a variable annuity.
§ Price includes all expenses if bought through intermediaries. ¶ Previous day's price.
|| On an assumed 7% yield basis. ** Selling at a discount price. *** Subsequent to 1986.
**** Yield before Jersey tax. ***** Ex-UK dividend.

(LIVE INVESTMENTS LIMITED)

Royal Exchange Ave. London EC3V 3LU. Tel: 01-263 1167.
Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)
Live Clive Interest Capital 151.00
Clive Fixed Interest Income 12.63
Clive Fixed Interest Income

CORAL INDEX: Close 497-502

INSURANCE BASE RATES

† Property Growth	10 1/2%
† Vanbrugh Guaranteed	9 1/2%

* Address Jason and I Insurance and Property Bond Tels.

